

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
FISCAL YEAR  
JULY 1, 2012 - JUNE 30, 2013**



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



**TOWN OF WINDHAM, CONNECTICUT**

**FINANCIAL REPORT**

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## **INTRODUCTORY SECTION**



# TOWN OF WINDHAM, CT

## Finance Department

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FAX 860-465-3051  
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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, 2013. 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 Single Audit Act and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organization". Information related to this single audit, including the schedule of expenditures of federal 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. The Town is also required to undergo a single audit. Information and reporting related to the state single audit is also issued under separate cover.

### **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.

Four banks serve Windham, including Bank of America, Liberty Bank, First Niagara Bank, and The Savings Institute. 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 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 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 Service District. The Town and the Willimantic Service 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 Service 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 Service District. Individuals residing in the Willimantic Service District receive a tax bill based on the total levy for the general government and the Willimantic Service 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 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 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.

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 \$40,000, 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 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 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.

## **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 which have been mainstays of the Town for many years. 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 has expanded to approximately 200 employees focusing on waste management and recycling.

A focal point in the past decade has been the Windham Mills Technology Center, a massive historic restoration project in the heart of the community begun in 1994 that continues to be an important economic development resource. This \$40 million project converted the former American Thread Company facility into a multi-tenant technology business center with emphasis on research and development and new-product manufacturing and includes a State Heritage Park. Renovations of two of the buildings were completed in 2001, and various businesses occupy the complex. In December of 2008, the Windham Mills was sold to Loch View LLC, an affiliate of TWB Properties, and they are in the process of building out the interior to accommodate additional tenants. In 2012, Loch View sought approval for a zoning change to allow a mixed use development to include up to 40% residential.

The Town of Windham is one of the State's 17 Target Investment Communities, which is set up to grant economic incentives to manufacturing businesses that choose to expand or locate in the Town of Windham. A State-designated Enterprise Zone provides additional tax and other incentives to manufacturing businesses and property owners within the Willimantic section of 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.

Windham is the primary commercial, retail and service center for this part of eastern Connecticut. A number of large format retail establishments are located in Windham, including Home Depot, Stop & Shop, Wal-Mart, Sears Hardware, B J's Wholesale, Dollar Tree, and Ocean State Job Lot.

Other popular retailers include CVS and Walgreen's Pharmacy, Cumberland Farms (a gas station and convenience store), Aldi's Grocery Store, and a Tractor Supply store have been added to the Town's attractions. Other attractions on Main Street include Swift-water Artisans, Kerri's Gallery, the Burton Leavitt Theater, and the conversion of the former Capitol Theater into a regional Magnet School (ACT) for the Performing Arts. Also movement of the South Windham Diner to North Windham that was completely restored and opened as the 'Aero-Diner', and, more recently the renovation and historic restoration of the former YMCA building into a Charter School as an alternative learning facility for High School students (Path Academy).

Eastern Connecticut State University enrolls approximately 5,500 students and continues to expand its facilities. The University's Public Safety Department was relocated to a new facility on the north portion of campus, facing High Street across from Windham High School. The new building was completed and opened during 2005. In 2006 the University opened a new 40,000-square-foot state-of-the art childcare facility on the campus. The Child and Family Development Resource Center, a \$10 million facility, is also located near the north entrance off High Street and provides services to 90 children, 15 infants and toddlers as well as 75 preschoolers.

The University completed the renovation and expansion of the Student Center in August 2007. Approximately 36,000 square feet was added to provide facilities for a cyber café, a fitness center, a 75-seat theater, several meeting rooms, and enlarged areas for retail food service and the bookstore. In the fall of 2008, the University celebrated the opening of a new \$56 million science building. The new science building provides state-of-the-art classrooms, laboratories, and educational resource areas for programming in biology, environmental earth science, physical science, math and computer sciences and science education. Now the University has started construction of a new Fine Arts facility comprising 119,000 sq. ft. across from the Windham High School. The new facility is expected to be open for classes in the fall of 2015.

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 a regionally important facility because of the length of this runway, and is in the process of updating the Airport's Plan as required by the Federal Aviation Administration. The State hopes to make improvements to the runways, and will endeavor to expand private development on the perimeter of the field.

Windham actively encourages the development of new businesses. The Town recently established an Economic Development Commission whose mission is to facilitate the growth, diversification and stability of the Windham economy. The Town Manager is also charged with promoting economic development in Town, in conjunction with the commission. New projects on the horizon include facilitating rehabilitation of some of the vacant buildings downtown by the private sector, design of a new parking garage downtown, and participating in a Regional Economic Development District. This newly formed entity will make Windham and the other member towns eligible for more federal grants pertaining to economic development projects.

Other recent developments included the conversion of another old Mill building in the Downtown area into 84 apartments, and are now occupied. 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, the Hartford Hospital merged with our local hospital, and just 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 the Town Council and the Economic Development Commission is making a significant impact on major economic initiatives throughout the Town.

### **Major Projects**

The Town has committed to reducing its energy consumption in municipal buildings. 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 the Neighbor 2 Neighbor program that provided discounted Home Energy Evaluations and weatherization services; promoted solar panels - with 19 homeowners ultimately completing projects; and more recently by participating in 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, Route14, 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. 68partments - 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 has 142 units.
- WINDHAM HEIGHTS, 202C Scott Rd (Rt. 6), Willimantic. 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; 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 planning process of a proposed new parking structure in the Downtown area near the Public Safety complex, and hopes to secure funding to build it in the near future.

Redevelopment opportunities 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. We are entertaining a proposal for a new project to demolish the former Jillson Cinema into a new retail store that we hope will revitalize the Downtown Business District. The Downtown still has a number of redevelopment opportunities that we feel will be positive for the resurgence of Willimantic.

Human services: The State of Ct has awarded a \$1.3 million grant to the Town for the development of a Senior Center on Main Street in Willimantic. The Town is also seeking funding for renovation of the Town Library and improvements to the Noznick Farm Property (to develop ball fields and a dog park)

Public Safety: The Town is seeking funding for a MICRO-GRID project. If successful, this project will provide alternative power on a daily basis while continuing to provide power during general service outages. It will be located at Windham Middle School and Sweeny Elementary School both of which can serve as emergency shelters.

### **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 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 has hired Christian Johnson effective September 30, 2013 as a unified Finance Director. Additionally, funding has been allocated for the design, purchase, training and implementation of a new financial software package which will embody one consolidated chart of accounts for both the Town and the BOE. This new system will be compliant with the anticipated State of CT required Unified Chart of Accounts (UCOA). We anticipate going live July 1, 2014.

The new accounting system will be 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.

### **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 Service District. Four are single employer plans and one is a plan with the State of Connecticut for certified Teachers at the Board of Education in which the Town is a noncontributing employer.

### **Debt Administration**

The Town has a total of \$14,781,417 outstanding debt with interest rates ranging from 2-5% and varying maturity dates with a final date of 2032.

No additional debt was issued during the fiscal year ending June 30, 2013.

The Town has an AA3 rating from Moody's and anticipates issuing bonds in the spring of 2014.

### **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. A Safety Committee has been established and the Town promotes employee participation in safety training as well as funding to correct unsafe property.

### **AWARDS AND ACKNOWLEDGEMENT**

We believe that our current CAFR meets the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for a Certificate of Achievement for Excellence in Reporting.

In addition, we would like to acknowledge the achievements of our Water Authority which has recently been awarded 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 entire finance staff of the Finance Departments and particularly Tom Pesce, Karen Williams and Christine Clark. I would like to express my appreciation to all of the members of the department who assisted and contributed to the preparation of this report.

Additional thanks are extended to the Town’s independent auditors, McGladrey LLP, for their efforts and counsel during the audit and CAFR preparation and presentation.

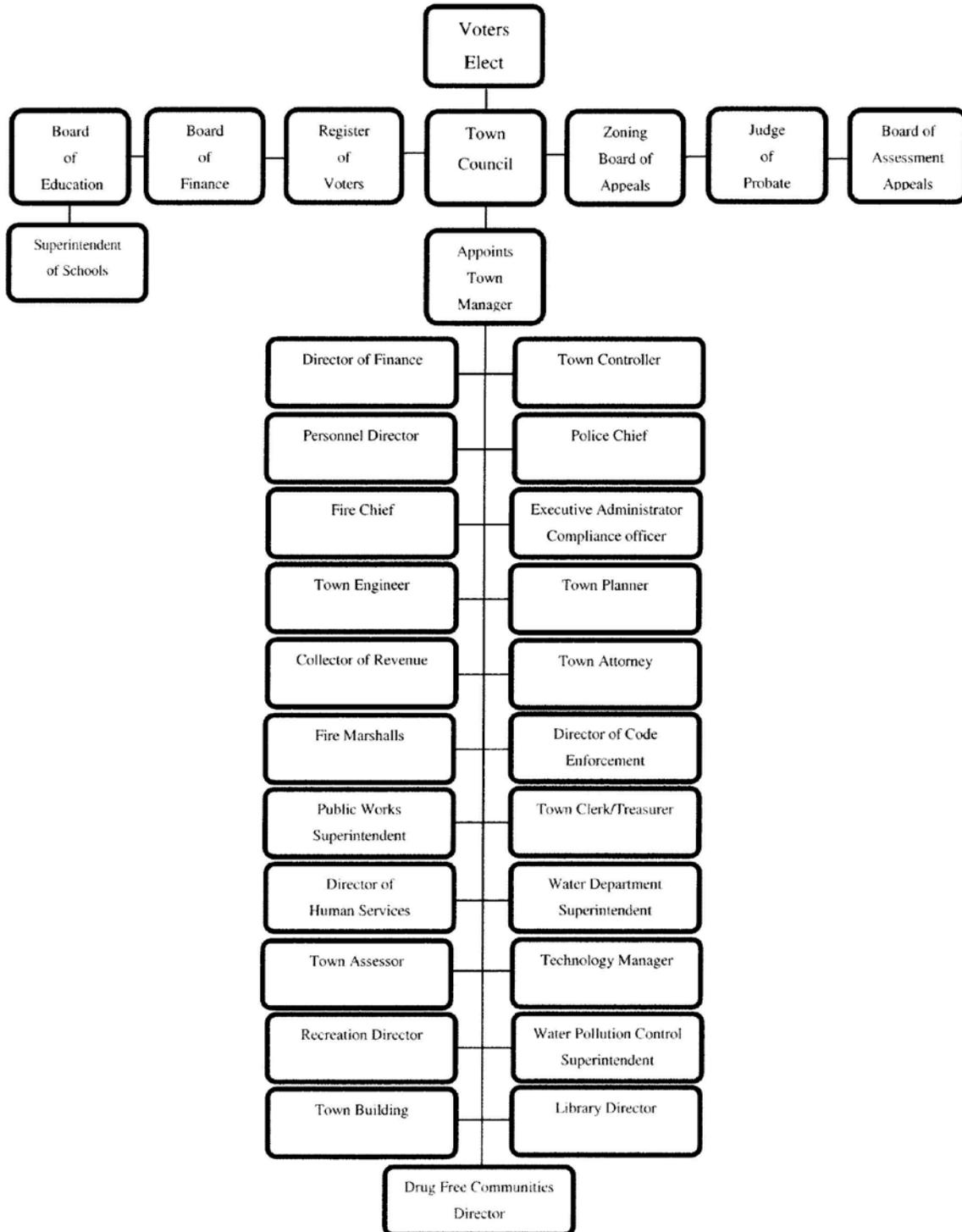
Respectfully submitted,

A handwritten signature in black ink, appearing to read "Christian Johnson". The signature is written in a cursive, flowing style.

Christian Johnson  
Director of Finance

# Town of Windham

## Organizational Chart



**Principal Municipal Officials**  
As of June 30, 2013

<u>Office</u>	<u>Name</u>	<u>Manner of Selection/Term</u>	<u>Date of Hire/Election Appointment</u>
Town Manager .....	Neal Beets	Appointed/Indefinite	11/09
Town Council, Mayor .....	Ernie Eldridge	Elected/4 years	11/13
Town Councilor .....	N. Joseph Underwood	Elected/4 years	11/13
Town Councilor .....	Dawn Niles	Elected/4 years	11/13
Town Councilor .....	Kevin Donahue	Elected/4 years	11/13
Town Councilor .....	Lorraine McDevitt	Elected/4 years	11/13
Town Councilor .....	Arnaldo Rivera	Elected/4 years	11/13
Town Councilor .....	Charles Krich	Elected/4 years	11/15
Town Councilor .....	Christel Donahue	Elected/4 years	11/15
Town Councilor .....	Mark Doyle	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
Town Controller /Risk Manager .....	Thomas Pesce	Appointed/Indefinite	02/09
Collector of Revenue .....	Gay A. St. Louis	Appointed/Indefinite	04/07
Town Assessor.....	Joan Paskewich	Appointed/Indefinite	09/92
Superintendent of Schools .....	Anna Ortiz	Appointed/Indefinite	07/10

**FINANCIAL SECTION**





## INDEPENDENT AUDITOR'S REPORT

To the Board of Finance  
Town of Windham, Connecticut

### Report on the Financial Statements

We have audited 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 fiscal year ended June 30, 2013, and the related notes thereto which collectively comprise the Town's basic financial statements as listed in the table of content.

### 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 of 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 Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Windham, Connecticut as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on pages 3–9, the schedules of funding progress and employers' contributions on pages 57-58 and budgetary comparison information on page 59 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2014 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



New Haven, Connecticut  
January 31, 2014

**Town of Windham, Connecticut  
Management's Discussion and Analysis (Unaudited)  
June 30, 2013**

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, 2013.

**FINANCIAL HIGHLIGHTS**

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$96,691,963 (net position). Of this amount, \$33,327,983 (unrestricted net position) may be used to meet the Town's ongoing obligations to its citizens and creditors. Of this amount, \$14,850,214 represents unrestricted net position attributed to the operations of the Town's water and sewer systems (business-type activities).
- The Town's changes in net position for the year ended June 30, 2013 amounted to \$17,829,335 which consisted of an increase of \$18,812,165 relating to the Town's governmental activities combined with a decrease of \$982,830 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 of \$7,730,929, a decrease of \$8,361,559 in comparison with the prior year. Of this amount \$3,094,598 of governmental ending fund balances are available for spending at the Town's discretion (unassigned fund balance).
- At the end of the close of the current fiscal year, unassigned fund balance for the General Fund was \$10,109,251 or 14% 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 \$3,600,988.

**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 liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will 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 Windham Magnet School 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 13-15 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 1 internal service fund. 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. The notes to the financial statements can be found on pages 21-55 of this report.

## Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information and combining and individual and nonmajor fund statements and schedules that can be found on page 55-106 of this report.

### TOWN OF WINDHAM, CONNECTICUT SUMMARY OF NET POSITION

	June 30, 2013			June 30, 2012		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 29,188,780	\$ 15,523,084	\$ 44,711,864	\$ 32,991,440	\$ 16,709,212	\$ 49,700,652
Capital assets	74,748,734	36,016,037	110,764,771	55,005,701	37,156,385	92,162,086
<b>Total assets</b>	<b>103,937,514</b>	<b>51,539,121</b>	<b>155,476,635</b>	<b>87,997,141</b>	<b>53,865,597</b>	<b>141,862,738</b>
Long-term liabilities	32,784,639	16,665,700	49,450,339	33,113,490	17,691,363	50,804,853
Other liabilities	9,058,428	275,905	9,334,333	11,601,369	593,888	12,195,257
<b>Total liabilities</b>	<b>41,843,067</b>	<b>16,941,605</b>	<b>58,784,672</b>	<b>44,714,859</b>	<b>18,285,251</b>	<b>63,000,110</b>
Net Investment in capital assets	41,964,095	19,747,202	61,711,297	34,029,363	19,796,214	53,825,577
Restricted	1,652,683	-	1,652,683	2,485,005	-	2,485,005
Unrestricted	18,477,669	14,850,314	33,327,983	6,767,914	15,784,132	22,552,046
<b>Total Net Position</b>	<b>62,094,447</b>	<b>34,597,516</b>	<b>96,691,963</b>	<b>43,282,282</b>	<b>35,580,346</b>	<b>78,862,628</b>

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Net Position

Over time, net position may serve as one measure of a government's financial position. Total net position (governmental and business-type activities combined) of the Town totaled \$96,691,963 and \$78,862,628 and as of June 30, 2013 and 2012, respectively, and are summarized as follows:

- 64% of the Town's net position reflect its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.
- 2% of the Town's net position are subject to external restrictions on how they may be used and are therefore presented as restricted net position.
- The remainder of the Town's net position is considered unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

## Changes in Net Position

Changes in Net Position for the years ended June 30, 2013 and 2012 are as follows:

### TOWN OF WINDHAM, CONNECTICUT SUMMARY OF CHANGES IN NET POSITION

	Year Ended June 30, 2013			Year Ended June 30, 2012		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Revenues:</b>						
Program Revenues:						
Charge for services	\$ 3,838,029	\$ 4,810,560	\$ 8,648,589	\$ 4,211,896	\$ 6,445,715	\$ 10,657,611
Operating grants and contributions	45,846,618	-	45,846,618	46,339,223	-	46,339,223
Capital grants and contributions	18,742,754	-	18,742,754	12,455,579	1,604,404	14,059,983
General Revenues:						
Property taxes	32,429,289	-	32,429,289	31,422,907	-	31,422,907
Grants, contributions not restricted	6,837,388	62,824	6,900,212	6,023,786	-	6,023,786
Unrestricted investment earnings	41,319	479,645	520,964	69,834	(532,266)	(462,432)
Transfers	184,000	(184,000)	-	184,000	(184,000)	-
<b>Total revenues</b>	<b>107,919,397</b>	<b>5,169,029</b>	<b>113,088,426</b>	<b>100,707,225</b>	<b>7,333,853</b>	<b>108,041,078</b>
<b>Expenses:</b>						
<b>Program Activities</b>						
<b>Primary Government:</b>						
General government	3,014,463	-	3,014,463	2,761,873	-	2,761,873
Public safety	11,621,614	-	11,621,614	10,677,617	-	10,677,617
Public works	5,687,745	-	5,687,745	5,188,384	-	5,188,384
Human services	645,364	-	645,364	669,119	-	669,119
Civic and cultural	2,064,512	-	2,064,512	2,330,438	-	2,330,438
Education	63,776,248	-	63,776,248	64,575,171	-	64,575,171
Planning and development	777,272	-	777,272	850,834	-	850,834
Interest on long-term debt	1,520,014	-	1,520,014	838,514	-	838,514
<b>Business-Type Activities:</b>						
Water	-	2,467,506	2,467,506	-	2,144,211	2,144,211
Sewer	-	3,684,353	3,684,353	-	2,328,872	2,328,872
<b>Total expenses</b>	<b>89,107,232</b>	<b>6,151,859</b>	<b>95,259,091</b>	<b>87,891,950</b>	<b>4,473,083</b>	<b>92,365,033</b>
<b>Change in Net Position</b>	<b>18,812,165</b>	<b>(982,830)</b>	<b>17,829,335</b>	<b>12,815,275</b>	<b>2,860,770</b>	<b>15,676,045</b>
<b>Net Position - beginning</b>	<b>43,282,282</b>	<b>35,580,346</b>	<b>78,862,628</b>	<b>30,467,007</b>	<b>32,719,576</b>	<b>63,186,583</b>
<b>Net Position - ending</b>	<b>\$ 62,094,447</b>	<b>\$ 34,597,516</b>	<b>\$ 96,691,963</b>	<b>\$ 43,282,282</b>	<b>\$ 35,580,346</b>	<b>\$ 78,862,628</b>

### **Governmental Activities**

Governmental activities increased the Town's net position by \$18,812,165.

### **Business-Type Activities**

Business-type activities decreased the Town's net position by \$982,830.

## **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.

### **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 \$7,730,929, a decrease of \$8,361,559 in comparison with the prior year. Of this amount approximately 40% or \$3,094,598 of governmental ending fund balances are available for spending at the Town's discretion (unassigned fund balance). 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 Service 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 Service District (the "WSD"). At the end of the current fiscal year, unassigned fund balance of the Town General Fund was \$7,534,087, while the unassigned fund balance of the WSD General Fund was \$2,575,164.

The fund balance of the combined General Fund on a GAAP basis increased by \$967,321 during the current fiscal year, mainly due to property tax revenues ahead of budget and less overall operating expenses.

#### ***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 \$11,238,924 as compared to \$12,243,177 in the prior year.

#### ***Windham Magnet School Fund***

The fund's expenditures of approximately \$20.6 million were for capital improvements which were in turn reimbursed by approximately \$12.9 million of governmental grants. The difference between expenditures and revenues is due to timing of the recording of intergovernmental revenue. In the prior year the fund received \$12.6 million in intergovernmental revenues and had expenditures of \$12.6 million.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The final budget for 2013 planned for budgeted expenses to equal budgeted revenues. During the year, revenues were ahead of budget and expenses were less than planned budgetary expenses for a total Town positive variance of \$1,611,951

## **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, 2013 totaled \$110,764,771 (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 \$18,602,685 or a 20.1% increase. The majority of the increase relates to capital costs incurred in connection with the improvements to the magnet school.

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, 2013 and 2012**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land and improvements	\$ 3,547,959	\$ 3,547,959	\$ 99,330	\$ 84,330	\$ 3,647,289	\$ 3,632,289
Construction in progress	36,074,699	17,505,901	-	-	36,074,699	17,505,901
Buildings and improvements	21,076,755	22,187,666	16,867,283	17,286,564	37,944,038	39,474,230
Machinery and equipment	1,741,264	1,649,998	9,069,852	9,627,809	10,811,116	11,277,807
Infrastructure	12,308,057	10,114,177	9,979,572	10,157,682	22,287,629	20,271,859
<b>Total</b>	<b>\$ 74,748,734</b>	<b>\$ 55,005,701</b>	<b>\$ 36,016,037</b>	<b>\$ 37,156,385</b>	<b>\$ 110,764,771</b>	<b>\$ 92,162,086</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 had total long-term bonded debt outstanding of \$16,244,988. This entire amount is comprised of debt backed by the full faith and credit of the Town.

The Town's total governmental long-term debt decreased by \$2,509,651 during the current fiscal year due to debt amortization payments. The Enterprise Funds debt decreased by \$1,091,337 for debt amortization.

The Town maintains an A+ rating from Standard and Poor's for general obligation debt.

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 notes payable and capital leases payable presented for both governmental and business-type activities:

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Bonds payable	\$ 14,781,417	\$ 16,986,482	\$ 1,463,581	\$ 1,753,518	\$ 16,244,998	\$ 18,740,000
Notes payable	-	-	14,805,253	15,606,653	14,805,253	15,606,653
Capital leases payable	3,805,527	4,110,113	-	-	3,805,527	4,110,113
	<b>\$ 18,586,944</b>	<b>\$ 21,096,595</b>	<b>\$ 16,268,834</b>	<b>\$ 17,360,171</b>	<b>\$ 34,855,778</b>	<b>\$ 38,456,766</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 2014 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.

All of these factors were considered in preparing the Town's budget for fiscal year 2014.

## **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, 979 Main Street, Willimantic, CT 06226.

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## **BASIC FINANCIAL STATEMENTS**



TOWN OF WINDHAM, CONNECTICUT

STATEMENT OF NET POSITION

June 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 10,354,494	\$ 1,361,186	\$ 11,715,680
Receivables, net of allowances for collection losses:			
Property taxes	903,770	-	903,770
Grants and contracts	11,335,726	-	11,335,726
Accounts receivable	3,921,387	1,058,433	4,979,820
Notes receivable	283,328	-	283,328
Inventories	126,989	226,363	353,352
Restricted cash	520,331	-	520,331
Internal balances	676,467	(676,467)	-
Investments	706,624	13,553,569	14,260,193
Net pension assets	359,664	-	359,664
Capital assets:			
Non-depreciable	39,622,658	99,330	39,721,988
Depreciable, net	35,126,076	35,916,707	71,042,783
<b>Total assets</b>	<b>103,937,514</b>	<b>51,539,121</b>	<b>155,476,635</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	8,495,093	275,905	8,770,998
Unearned revenues	563,335	-	563,335
Noncurrent liabilities:			
Due within one year	4,599,087	1,229,832	5,828,919
Due in more than one year	28,185,552	15,435,868	43,621,420
<b>Total liabilities</b>	<b>41,843,067</b>	<b>16,941,605</b>	<b>58,784,672</b>
<b>Net Position</b>			
Net Investment in capital assets	41,964,095	19,747,202	61,711,297
Restricted for:			
Grant program purposes	522,410	-	522,410
Endowments	482,953	-	482,953
Debt repayment	520,331	-	520,331
Other purposes	126,989	-	126,989
Unrestricted	18,477,669	14,850,314	33,327,983
<b>Total net position</b>	<b>\$ 62,094,447</b>	<b>\$ 34,597,516</b>	<b>\$ 96,691,963</b>

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

TOWN OF WINDHAM, CONNECTICUT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Positions		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	\$ (3,014,463)	\$ 805,460	\$ -	\$ -	\$ (2,209,003)	\$ -	\$ (2,209,003)
Public safety	(11,621,614)	1,515,181	574,444	-	(9,531,989)	-	(9,531,989)
Public works	(5,687,745)	441,374	197,456	300,146	(4,748,769)	-	(4,748,769)
Human services	(645,364)	1,072	861,390	-	217,098	-	217,098
Civic and cultural	(2,064,512)	208,725	3,942	17,506	(1,834,339)	-	(1,834,339)
Education	(63,776,248)	832,747	44,209,386	18,425,102	(309,013)	-	(309,013)
Planning and development	(777,272)	33,470	-	-	(743,802)	-	(743,802)
Interest on long-term debt	(1,520,014)	-	-	-	(1,520,014)	-	(1,520,014)
<b>Total governmental activities</b>	<b>(89,107,232)</b>	<b>3,838,029</b>	<b>45,846,618</b>	<b>18,742,754</b>	<b>(20,679,831)</b>	<b>-</b>	<b>(20,679,831)</b>
Business-type activities:							
Water	(2,467,506)	2,705,951	-	-	-	238,445	238,445
Sewer	(3,684,353)	2,104,609	-	-	-	(1,579,744)	(1,579,744)
<b>Total business-type activities</b>	<b>(6,151,859)</b>	<b>4,810,560</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,341,299)</b>	<b>(1,341,299)</b>
<b>Total primary government</b>	<b>\$ (95,259,091)</b>	<b>\$ 8,648,589</b>	<b>\$ 45,846,618</b>	<b>\$ 18,742,754</b>	<b>(20,679,831)</b>	<b>(1,341,299)</b>	<b>(22,021,130)</b>
General revenues:							
Property taxes, levied for general purposes					32,429,289	-	32,429,289
Grants and contributions not restricted to specific programs					6,837,388	62,824	6,900,212
Unrestricted investment earnings					41,319	479,645	520,964
Transfers					184,000	(184,000)	-
<b>Total general revenues</b>					<b>39,491,996</b>	<b>358,469</b>	<b>39,850,465</b>
Change in net position					18,812,165	(982,830)	17,829,335
Net position - beginning					43,282,282	35,580,346	78,862,628
Net position - ending					<b>\$ 62,094,447</b>	<b>\$ 34,597,516</b>	<b>\$ 96,691,963</b>

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

TOWN OF WINDHAM, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2013

	Major Funds			Other Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Educational Grants Fund	Windham Magnet School Fund		
<b>Assets</b>					
Cash and cash equivalents	\$ 7,692,192	\$ 750,031	\$ -	\$ 408,960	\$ 8,851,183
Investments	-	-	-	706,624	706,624
Receivables, net of allowance for collection losses:					
Property taxes,	903,770	-	-		903,770
Grants and contracts	2,684,911	1,340,303	6,240,802	1,069,710	11,335,726
Accounts receivable	1,348,929	25,148	-	17,533	1,391,610
Notes receivable		-	-	283,328	283,328
Due from other funds	9,017,575	-	-	2,273,210	11,290,785
Restricted cash	520,331	-	-	-	520,331
Inventories	111,744	-	-	15,245	126,989
<b>Total assets</b>	<b>\$ 22,279,452</b>	<b>\$ 2,115,482</b>	<b>\$ 6,240,802</b>	<b>\$ 4,774,610</b>	<b>\$ 35,410,346</b>
<b>Liabilities and Fund Balances (Deficit)</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 4,249,539	\$ 83,328	\$ 2,446,384	\$ 201,293	\$ 6,980,544
Due to other funds	3,205,460	1,463,780	4,359,599	1,126,337	10,155,176
Due to funding source	-	5,039	-	-	5,039
Unearned and deferred revenue	3,398,702	563,335	6,240,802	335,819	10,538,658
<b>Total liabilities</b>	<b>10,853,701</b>	<b>2,115,482</b>	<b>13,046,785</b>	<b>1,663,449</b>	<b>27,679,417</b>
<b>Fund balances (deficits):</b>					
Nonspendable	111,744	-	-	498,198	609,942
Restricted	520,331	-	-	1,042,412	1,562,743
Committed	142,165	-	-	1,779,221	1,921,386
Assigned	542,260	-	-	-	542,260
Unassigned	10,109,251	-	(6,805,983)	(208,670)	3,094,598
<b>Total fund balances (deficits)</b>	<b>11,425,751</b>	<b>-</b>	<b>(6,805,983)</b>	<b>3,111,161</b>	<b>7,730,929</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 22,279,452</b>	<b>\$ 2,115,482</b>	<b>\$ 6,240,802</b>	<b>\$ 4,774,610</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.	74,748,734
Deferred revenues are not available to pay for current-period expenditures and therefore are not recognized as revenues in the funds.	9,975,323
Net pension assets	359,663
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.	2,119,852
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(32,784,639)
Accrued interest payable	(55,415)

Net position of governmental activities

\$ 62,094,447

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

TOWN OF WINDHAM, CONNECTICUT

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

	General Fund	Educational Grants Fund	Windham Magnet School Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 32,599,107	\$ -	\$ -	\$ -	\$ 32,599,107
Intergovernmental	36,815,328	11,238,924	12,920,882	4,985,190	65,960,324
Charges for services	2,292,311	-	-	264,607	2,556,918
Licenses and permits	291,009	-	-	-	291,009
Fines, forfeitures, and penalties	14,683	-	-	-	14,683
Investment income	38,802	-	-	2,517	41,319
Miscellaneous	750,117	-	-	225,302	975,419
<b>Total revenues</b>	<b>72,801,357</b>	<b>11,238,924</b>	<b>12,920,882</b>	<b>5,477,616</b>	<b>102,438,779</b>
<b>EXPENDITURES</b>					
Current:					
General government	2,477,401	-	-	58,258	2,535,659
Public safety	1,697,045	-	-	545,415	2,242,460
Public works	4,045,370	-	-	236,310	4,281,680
Human services	544,507	-	-	-	544,507
Civic and cultural	1,107,580	-	-	809,553	1,917,133
Planning and development	417,195	-	-	304,746	721,941
Education	48,653,356	11,238,924	-	3,687,652	63,579,932
Police	5,670,655	-	-	-	5,670,655
Fire	2,459,108	-	-	-	2,459,108
Miscellaneous	576,004	-	-	-	576,004
Debt service:					
Principal retirements	2,205,065	-	-	-	2,205,065
Interest and other charges	1,373,735	-	-	-	1,373,735
Capital outlay	63,620	-	20,656,837	2,156,002	22,876,459
<b>Total expenditures</b>	<b>71,290,641</b>	<b>11,238,924</b>	<b>20,656,837</b>	<b>7,797,936</b>	<b>110,984,338</b>
<b>Revenues over (under) expenditures</b>	<b>1,510,716</b>	<b>-</b>	<b>(7,735,955)</b>	<b>(2,320,320)</b>	<b>(8,545,559)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	238,724	-	-	782,119	1,020,843
Transfers out	(782,119)	-	-	(54,724)	(836,843)
<b>Total other financing sources (uses)</b>	<b>(543,395)</b>	<b>-</b>	<b>-</b>	<b>727,395</b>	<b>184,000</b>
<b>Net change in fund balance (deficits)</b>	<b>967,321</b>	<b>-</b>	<b>(7,735,955)</b>	<b>(1,592,925)</b>	<b>(8,361,559)</b>
<b>FUND BALANCES, beginning</b>	<b>10,458,430</b>	<b>-</b>	<b>929,972</b>	<b>4,704,086</b>	<b>16,092,488</b>
<b>FUND BALANCES (DEFICITS), ending</b>	<b>\$ 11,425,751</b>	<b>\$ -</b>	<b>\$ (6,805,983)</b>	<b>\$ 3,111,161</b>	<b>\$ 7,730,929</b>

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

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, 2013**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - 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** \$ (8,361,559)

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	\$ 22,829,947	
Depreciation expense	<u>(3,086,914)</u>	
		19,743,033

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	(169,818)	
Loans receivable	(23,601)	
Other receivables	49,664	
Intergovernmental revenue on school bonds	(800,429)	
Intergovernmental revenue on magnet school construction	<u>6,240,802</u>	
		5,296,618

Change in pension asset		(14,676)
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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 issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments	2,509,651	
Amortization of bond premium	84,258	
Amortization of bond issuance costs	(100,063)	
Amortization of deferred charges	<u>(137,104)</u>	
		2,356,742

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		1,913,331
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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	6,630	
Claims payable	50,000	
Change in landfill closure liability	9,000	
Early retirement	285,199	
Change in long-term compensated absences	(824,948)	
Change in OPEB liability	<u>(1,647,205)</u>	
		<u>(2,121,324)</u>

<b>Change in net position of governmental activities</b>		<u><u>\$ 18,812,165</u></u>
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The notes to the financial statements are an integral part of this statement.

## TOWN OF WINDHAM, CONNECTICUT

## STATEMENT OF NET POSITION - PROPRIETARY FUNDS

June 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Fund
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 46,562	\$ 1,314,624	\$ 1,361,186	\$ 1,503,311
Accounts receivable, net	591,881	466,552	1,058,433	1,473,398
Inventories	226,363	-	226,363	-
Due from other funds	332,775	-	332,775	597,237
<b>Total current assets</b>	<b>1,197,581</b>	<b>1,781,176</b>	<b>2,978,757</b>	<b>3,573,946</b>
Noncurrent assets:				
Investments	2,305,309	11,248,260	13,553,569	-
Capital assets:				
Non-depreciable	65,000	34,330	99,330	-
Depreciable, net	11,219,666	24,697,041	35,916,707	-
<b>Total noncurrent assets</b>	<b>13,589,975</b>	<b>35,979,631</b>	<b>49,569,606</b>	<b>-</b>
<b>Total assets</b>	<b>14,787,556</b>	<b>37,760,807</b>	<b>52,548,363</b>	<b>3,573,946</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	77,549	112,925	190,474	41,293
Claims payable	-	-	-	1,412,801
Accrued liabilities:				
Accrued interest	5,680	23,969	29,649	-
Accrued salaries and benefits payable	13,078	14,204	27,282	-
Other	24,500	4,000	28,500	-
Due to other funds	-	1,009,242	1,009,242	-
Bonds and notes payable - current	288,906	802,023	1,090,929	-
Compensated absences - current	74,280	64,623	138,903	-
<b>Total current liabilities</b>	<b>483,993</b>	<b>2,030,986</b>	<b>2,514,979</b>	<b>1,454,094</b>
Noncurrent liabilities:				
Bonds and notes payable	1,174,675	14,003,231	15,177,906	-
Compensated absences	137,949	120,013	257,962	-
<b>Total liabilities</b>	<b>1,796,617</b>	<b>16,154,230</b>	<b>17,950,847</b>	<b>1,454,094</b>
<b>Net Position</b>				
Net Investment in capital assets	9,821,085	9,926,117	19,747,202	-
Unrestricted	3,169,854	11,680,460	14,850,314	2,119,852
<b>Total net position</b>	<b>\$ 12,990,939</b>	<b>\$ 21,606,577</b>	<b>\$ 34,597,516</b>	<b>\$ 2,119,852</b>

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

## TOWN OF WINDHAM, CONNECTICUT

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

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Fund
<b>OPERATING REVENUES</b>				
Charges for services	\$ 2,705,951	\$ 2,104,609	\$ 4,810,560	\$ 11,487,127
Other	57,206	5,618	62,824	-
<b>Total operating revenues</b>	<b>2,763,157</b>	<b>2,110,227</b>	<b>4,873,384</b>	<b>11,487,127</b>
<b>OPERATING EXPENSES</b>				
Personnel services	1,159,816	1,127,510	2,287,326	-
Outside services	51,317	584,344	635,661	-
Depreciation	377,734	1,032,143	1,409,877	-
Fuel and utilities	205,504	190,020	395,524	-
Administration	75,308	59,948	135,256	1,230,738
Repairs, maintenance and supplies	517,321	387,756	905,077	-
Claims incurred	-	-	-	8,348,669
<b>Total operating expenses</b>	<b>2,387,000</b>	<b>3,381,721</b>	<b>5,768,721</b>	<b>9,579,407</b>
<b>Operating income (loss)</b>	<b>376,157</b>	<b>(1,271,494)</b>	<b>(895,337)</b>	<b>1,907,720</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Transfers out	(92,000)	(92,000)	(184,000)	-
Interest income	37,688	441,957	479,645	-
Interest expense	(80,506)	(302,632)	(383,138)	5,611
<b>Total non-operating revenues (expenses)</b>	<b>(134,818)</b>	<b>47,325</b>	<b>(87,493)</b>	<b>5,611</b>
<b>Change in net position</b>	<b>241,339</b>	<b>(1,224,169)</b>	<b>(982,830)</b>	<b>1,913,331</b>
<b>Net Position - beginning</b>	<b>12,749,600</b>	<b>22,830,746</b>	<b>35,580,346</b>	<b>206,521</b>
<b>Net Position - ending</b>	<b>\$ 12,990,939</b>	<b>\$ 21,606,577</b>	<b>\$ 34,597,516</b>	<b>\$ 2,119,852</b>

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

TOWN OF WINDHAM, CONNECTICUT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received for the following:				
Charges for services	\$ 2,802,392	\$ 2,217,705	\$ 5,020,097	\$ 10,013,729
Other income	57,206	5,618	62,824	-
	<u>2,859,598</u>	<u>2,223,323</u>	<u>5,082,921</u>	<u>10,013,729</u>
Cash paid for the following:				
Personnel services	(1,156,109)	(1,066,615)	(2,222,724)	-
Fuel and utilities	(205,504)	(190,020)	(395,524)	-
Outside services	(50,317)	(588,724)	(639,041)	-
Administration	(75,308)	(59,948)	(135,256)	(1,217,148)
Repairs, maintenance and supplies	(842,888)	(387,756)	(1,230,644)	-
Claims paid	-	-	-	(6,948,707)
	<u>(2,330,126)</u>	<u>(2,293,063)</u>	<u>(4,623,189)</u>	<u>(8,165,855)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>529,472</u>	<u>(69,740)</u>	<u>459,732</u>	<u>1,847,874</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers to other funds	(92,000)	(92,000)	(184,000)	-
Payments (receipts) on due (to)/from other funds	171,149	(80,833)	90,316	(597,237)
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>79,149</u>	<u>(172,833)</u>	<u>(93,684)</u>	<u>(597,237)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	(213,561)	(55,968)	(269,529)	-
Principal paid on capital debt	(289,937)	(801,399)	(1,091,336)	-
Interest paid on capital debt	(81,318)	(304,788)	(386,106)	-
<b>Net cash (used in) capital and related financing activities</b>	<u>(584,816)</u>	<u>(1,162,155)</u>	<u>(1,746,971)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	(25,213)	-	(25,213)	-
Sale of investments	-	359,010	-	-
Interest and dividends	37,688	441,960	479,648	5,611
<b>Net cash provided by investing activities</b>	<u>12,475</u>	<u>800,970</u>	<u>813,445</u>	<u>5,611</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>36,280</u>	<u>(603,758)</u>	<u>(567,478)</u>	<u>1,256,248</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>10,282</u>	<u>1,918,382</u>	<u>1,928,664</u>	<u>247,063</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 46,562</u>	<u>\$ 1,314,624</u>	<u>\$ 1,361,186</u>	<u>\$ 1,503,311</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ 376,157	\$ (1,271,494)	\$ (895,337)	\$ 1,907,720
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	377,734	1,032,143	1,409,877	-
(Increase) decrease in assets:				
Accounts receivable	96,441	113,096	209,537	(1,473,398)
Inventories	(15,000)	-	(15,000)	-
Increase (decrease) in liabilities:				
Accounts payable	(310,567)	(7,380)	(317,947)	13,590
Accrued liabilities and compensated absences	4,707	63,895	68,602	1,399,962
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 529,472</u>	<u>\$ (69,740)</u>	<u>\$ 459,732</u>	<u>\$ 1,847,874</u>

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

TOWN OF WINDHAM, CONNECTICUT

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

June 30, 2013

	Pension Trust Funds	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 921,466	\$ 85,361	\$ 92,384
Investments, at fair value:			
Debt securities	3,816,811	-	-
Certificates of deposit	-	-	191,038
Corporate bonds	2,310,509	-	-
Group annuity contracts	12,729,534	-	-
Mutual funds	-	20,054	-
Collective trusts	6,002,547	-	-
Equity securities	15,514,413	73,280	-
Other	-	29,863	-
Receivables	1,913,665	-	6,684
Due from other funds	-	-	2,238
<b>Total assets</b>	<b>43,208,945</b>	<b>208,558</b>	<b>292,344</b>
<b>LIABILITIES</b>			
Accounts payable	-	-	1,642
Due to others	-	-	285,660
Due to other funds	1,029,423	24,152	5,042
<b>Total liabilities</b>	<b>1,029,423</b>	<b>24,152</b>	<b>292,344</b>
<b>Net Position Held in Trust for Pension Benefits and Other</b>	<b>\$ 42,179,522</b>	<b>\$ 184,406</b>	<b>\$ -</b>

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

TOWN OF WINDHAM, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
FIDUCIARY FUNDS

For the Year Ended June 30, 2013

	Pension Trust Funds	Private Purpose Trust Funds
<b>Additions</b>		
Contributions:		
Employer	\$ 2,138,147	\$ -
Plan members	414,789	-
Private donations and other	1,042	500
Total contributions and other	<u>2,553,978</u>	<u>500</u>
Investment income:		
Interest and dividends	910,116	3,309
Net appreciation in the fair value of investments	2,539,300	7,284
<b>Total investment earnings</b>	<u>3,449,416</u>	<u>10,593</u>
<b>Total additions</b>	<u>6,003,394</u>	<u>11,093</u>
<b>Deductions</b>		
Benefit payments	1,647,907	3,665
Administrative and other expenses	81,488	3,057
<b>Total deductions</b>	<u>1,729,395</u>	<u>6,722</u>
<b>Change in net position</b>	4,273,999	4,371
<b>Net Position Held in Trust For Pension Benefits and Other, beginning</b>	<u>37,905,523</u>	<u>180,035</u>
<b>Net Position Held in Trust For Pension Benefits and Other, ending</b>	<u>\$ 42,179,522</u>	<u>\$ 184,406</u>

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

## TOWN OF WINDHAM, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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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.

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

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

#### 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 Service District (the "WSD").

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 Government Accounting Standards Board Statement 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.

## TOWN OF WINDHAM, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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#### **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 required to be 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.

## TOWN OF WINDHAM, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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#### Proprietary Funds

Proprietary funds are used to account for activities that are similar to those often found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. 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 is the Town's only internal service fund.

#### 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 Municipal Employees Retirement System.

*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 for. Intergovernmental grants and entitlements and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

## TOWN OF WINDHAM, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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other revenue items are considered to be measurable and available only when cash is received by the Town.

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 Service District (the "WSD"). The Town and WSD 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.

**Windham Magnet School Fund** - This fund is used to account for revenues and expenditures relating to the construction of the magnet school.

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 interfund activity has been eliminated from the government-wide financial statements.

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, Continued June 30, 2013

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#### **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**

Investments for the Town are stated at fair value using quoted market prices. The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

The Town's Pension Plan's Guaranteed Investment Contract is valued at contract value. The Guaranteed Investment Contract value represents contributions made under the contract, plus interest at the contract rate, less funds used to purchase annuities to pay administrative expenses.

The balance of the pooled fixed income investments were invested in a pool similar to a SEC 2a-7. The value of the position in the pool is the same as the value of the pool shares. These investments are stated at amortized cost.

#### **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 \$144,000 as of June 30, 2013.

#### **Inventories and Prepaid Items**

All prepaids are reported using the consumption method.

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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.

#### **Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

**TOWN OF WINDHAM, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

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**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 estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	5-50
Machinery and equipment	3-25
Infrastructure	20-50
Services and improvements	20-100

In the governmental fund financial statements, capital assets are recorded as an 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

**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, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or

## TOWN OF WINDHAM, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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discount. Significant bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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.

#### 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 are reported in three categories:

- **Net Investment in Capital Assets** - This category consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.
- **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** - This category consists of net position which do not meet the definition of the two preceding categories.

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

- **Nonspendable Fund Balance** – Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- **Restricted Fund Balance** - These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- **Committed Fund Balance** – This represents amounts constrained prior to year-end for a specific purpose by a government using its highest level of decision-making authority (Town of Windham Town Council). Commitments may be established, modified, or rescinded only through ordinances or 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 have 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.

## TOWN OF WINDHAM, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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#### **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.

#### **Interfund Reimbursements**

Interfund reimbursements represent repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

#### **Pension Accounting**

Pension Trust Funds:

Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Governmental Funds and Governmental Activities:

In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net pension obligation (asset), the cumulative difference between annual pension cost and the Town's contributions to the plans since 1986, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 27. The pension obligation (asset) is recorded as a noncurrent liability (asset) in the government-wide financial statements.

Funding Policy:

The Town makes annual contributions based on contracts.

**TOWN OF WINDHAM, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

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**Other Post-Employment Obligations (OPEB) accounting**

Governmental Funds and Governmental Activities:

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

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	\$ 14,781,417
Deferred premiums, net of amortization	266,355
Deferred amounts on refunding, net	(223,697)
Capital leases	3,805,527
Compensated absences	5,922,904
Landfill post-closure liability	135,000
OPEB	<u>8,097,133</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 32,784,639</u>

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

Deposits: The Town and the Pension Trust funds do not have a policy for deposits. The Town and the Pension Trust funds also does not have a custodial credit risk policy. However, as a practice, the Town and the Pension Trust fund follows 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 Town and the Pension Trust Funds have adopted investment policies for credit risk that conform to the policies as set forth by the State of Connecticut. The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: (1) obligations of the United States and its agencies (2)

## TOWN OF WINDHAM, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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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 and the Tax Exempt Proceeds 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. The Pension Trust Fund's investment in foreign bonds and stocks is in proportion with which the investment manager shall deem appropriate.

Interest rate risk: The Town, including its Pension Trust Funds, do 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, 2013, \$12,290,014 of the entity's bank balance of \$15,286,790 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, Continued**  
**June 30, 2013**

Cash, cash equivalents and investments of the Town consist of the following at June 30, 2013:

<b>Cash and Cash Equivalents</b>	
Deposits with financial institutions	\$ 12,269,491
Cooperative Liquid Assets Security Systems Fund (CLASS)	144,265
<b>Total cash and cash equivalents</b>	<u>12,413,756</u>
<b>Permanent Funds</b>	
Cemetery Trust:	
Debt securities	98,165 *
Equity securities	265,175 *
William A. & Jennie S. King Trust:	
Debt securities	119,212 *
Equity securities	224,072 *
<b>Total permanent funds</b>	<u>706,624</u>
<b>Sewer Fund</b>	
Debt securities	6,901,419 *
Certificates of deposits	4,346,841
<b>Water Fund</b>	
Certificates of deposits	2,305,309
<b>Total enterprise funds</b>	<u>13,553,569</u>
<b>Private Purpose Trust Funds</b>	
Equity securities	73,280 *
Mutual funds	20,054
Other	29,863
<b>Total private purpose</b>	<u>123,197</u>
<b>Student Activity Funds</b>	
Certificates of deposits	191,038 *
<b>Pension Trust Funds</b>	
Cash deposits	921,466
Debt securities	3,816,811 *
Corporate bonds	2,310,509 *
Group annuity contracts	12,729,534
Collective trusts	6,002,547
Equity securities	15,514,413 *
<b>Total pension trust</b>	<u>40,373,814</u>
<b>Total cash, cash equivalents and pension investments</b>	<u>41,295,280</u>
<b>Total cash, cash equivalents and investments</b>	<u>\$ 68,283,464</u>

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

**TOWN OF WINDHAM, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

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

**Statement of Net Position:**

Cash and cash equivalents	\$ 12,236,011
Investments	14,260,193
	<u>26,496,204</u>

**Fiduciary Funds:**

Cash and cash equivalents	1,099,211
Investments	40,688,049
	<u>41,787,260</u>

<b>Total cash, cash equivalents and investments</b>	<u><u>\$ 68,283,464</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, 2013, the Town's 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
<b>Debt Securities:</b>					
Cooperative Liquid Asset Security Systems Fund (CLASS)	\$ 144,265	\$ 144,265	\$ -	\$ -	\$ -
Corporate Bonds	2,520,311	152,539	1,641,172	559,469	167,131
Guaranteed Investment Contract	12,729,534	-	-	12,729,534	-
Fixed Income Mutual Funds	20,042	-	4,948	15,094	-
Mortgage Backed Securities	8,911,548	1,989	223,223	1,106,560	7,579,776
U.S. Treasury Securities	1,814,257	26,670	183,635	1,539,251	64,701

*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, Continued**  
**June 30, 2013**

The Town's investments in debt securities were rated by Fitch Ratings and/or Standard & Poor's as follows at June 30, 2013:

Debt Securities	Fair Value	AAAm	AAA	AA+	AA	AA-	A+
Cooperative Liquid Asset Security Systems Fund Fund (CLASS)	\$ 144,265	\$ 144,265	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate Bonds Fixed Income	2,520,311	-	266,518	89,162	89,251	67,972	552,239
Mutual Funds	20,042	-	15,094	-	-	-	-
Mortgage Backed Securities	8,911,548	-	-	8,911,548	-	-	-
	<u>\$ 11,596,166</u>	<u>\$ 144,265</u>	<u>\$ 281,612</u>	<u>\$ 9,000,710</u>	<u>\$ 89,251</u>	<u>\$ 67,972</u>	<u>\$ 552,239</u>

Debt Securities	A	A-	BBB+	Unrated
Cooperative Liquid Asset Security Systems Fund Fund (CLASS)	\$ -	\$ -	\$ -	\$ -
Corporate Bonds Fixed Income	522,245	612,895	199,469	120,560
Mutual Funds	4,948	-	-	-
Mortgage Backed Securities	-	-	-	-
	<u>\$ 527,193</u>	<u>\$ 612,895</u>	<u>\$ 199,469</u>	<u>\$ 120,560</u>

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

Concentrations of Credit Risk

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

Investment Type	Issuer	Fire	Police	Municipal	Board of Education
U.S. Treasuries	U.S. Treasury Notes	\$ 558,122	\$ 1,140,403	\$ -	\$ -
U.S. Agency	Federal National Mortgage Association (FNMA)	756,076	1,362,210	-	-
Collective Trust	PIMCO Total Return	-	-	1,637,058	-
Collective Trust	Calvert Equity	-	-	545,686	-
Collective Trust	MSCI ACWI Ex Us Index	-	-	545,686	-
Collective Trust	Neuberger Berman Genesis Instl	-	-	545,686	-
Collective Trust	S&P 500 Index	-	-	2,182,745	-
Collective Trust	Diamond Hill Large Cap I	-	-	545,686	-
Group annuity	Metropolitan Life Insurance Company	-	-	4,911,748	-
Group annuity	Aetna Life Insurance Company	-	-	-	7,817,786
		<u>\$ 1,314,198</u>	<u>\$ 2,502,613</u>	<u>\$ 10,914,295</u>	<u>\$ 7,817,786</u>

TOWN OF WINDHAM, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2013

**Note 4. Capital Assets**

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

	Beginning Balance	Increases and Transfers	Decreases and Transfers	Ending Balance
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land and improvements	\$ 3,547,959	\$ -	\$ -	\$ 3,547,959
Construction in progress	17,505,901	20,710,902	(2,142,104)	36,074,699
<b>Total capital assets, not being depreciated</b>	<b>21,053,860</b>	<b>20,710,902</b>	<b>(2,142,104)</b>	<b>39,622,658</b>
Capital assets, being depreciated:				
Buildings and improvements	50,831,186	273,733	-	51,104,919
Machinery and equipment	15,971,182	491,774	-	16,462,956
Infrastructure	20,111,278	1,353,538	2,142,104	23,606,920
<b>Total capital assets, being depreciated</b>	<b>86,913,646</b>	<b>2,119,045</b>	<b>2,142,104</b>	<b>91,174,795</b>
Less accumulated depreciation for:				
Buildings and improvements	(28,643,520)	(1,384,644)	-	(30,028,164)
Machinery and equipment	(14,321,184)	(400,508)	-	(14,721,692)
Infrastructure	(9,997,101)	(1,301,762)	-	(11,298,863)
<b>Total accumulated depreciation</b>	<b>(52,961,805)</b>	<b>(3,086,914)</b>	<b>-</b>	<b>(56,048,719)</b>
<b>Total capital assets, being depreciated, net</b>	<b>33,951,841</b>	<b>(967,869)</b>	<b>2,142,104</b>	<b>35,126,076</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 55,005,701</b>	<b>19,743,033</b>	<b>-</b>	<b>\$ 74,748,734</b>

TOWN OF WINDHAM, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2013

	Beginning Balance	Increases	Decreases and Transfers	Ending Balance
<b>Business-type Activities</b>				
Capital assets, not being depreciated:				
Land and improvements	\$ 84,330	\$ 15,000	\$ -	\$ 99,330
<b>Total capital assets, not being depreciated</b>	<b>84,330</b>	<b>15,000</b>	<b>-</b>	<b>99,330</b>
Capital assets, being depreciated:				
Buildings and improvements	24,988,547	24,689	(628,788)	24,384,448
Machinery and equipment	14,231,379	229,840	(2,564,495)	11,896,724
Services and improvements	17,014,531	-	-	17,014,531
<b>Total capital assets, being depreciated</b>	<b>56,234,457</b>	<b>254,529</b>	<b>(3,193,283)</b>	<b>53,295,703</b>
Less accumulated depreciation for:				
Buildings and improvements	(7,701,983)	(443,970)	628,788	(7,517,165)
Machinery and equipment	(4,603,570)	(787,797)	2,564,495	(2,826,872)
Services and improvements	(6,856,849)	(178,110)	-	(7,034,959)
<b>Total accumulated depreciation</b>	<b>(19,162,402)</b>	<b>(1,409,877)</b>	<b>3,193,283</b>	<b>(17,378,996)</b>
<b>Total capital assets, being depreciated, net</b>	<b>37,072,055</b>	<b>(1,155,348)</b>	<b>-</b>	<b>35,916,707</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 37,156,385</b>	<b>(1,140,348)</b>	<b>-</b>	<b>\$ 36,016,037</b>

Depreciation and amortization expense was charged to functions as follows:

<b>Governmental activities:</b>	
General government	\$ 246,952
Public safety	617,383
Public works	1,234,766
Human services	30,869
Planning and development	30,869
Civic and cultural	123,477
Education	802,598
<b>Total depreciation and amortization expense-governmental activities</b>	<b>\$ 3,086,914</b>
<b>Business-type activities:</b>	
Water	\$ 377,734
Sewer	1,032,143
<b>Total depreciation and amortization expense-business-type activities</b>	<b>\$ 1,409,877</b>

**TOWN OF WINDHAM, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

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

During the course of operations, transactions are processed through a fund on behalf of another fund. A summary of interfund balances as of June 30, 2013 is presented below:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 9,017,575	\$ 3,205,460
Educational Grants Fund	-	1,463,780
Windham Magnet School	-	4,359,599
Internal Service Fund	597,237	-
Water Fund	332,775	-
Sewer Fund	-	1,009,242
Nonmajor Governmental Funds	2,273,210	1,126,337
Fiduciary Funds	2,238	1,058,617
	<u>\$ 12,223,035</u>	<u>\$ 12,223,035</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, 2013 consisted of the following:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ 238,724	\$ 782,119
Water Fund	-	92,000
Sewer Fund	-	92,000
Nonmajor Governmental Funds	782,119	54,724
	<u>\$ 1,020,843</u>	<u>\$ 1,020,843</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.

**TOWN OF WINDHAM, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

**Note 6. Long-Term Liabilities**

The following is a summary of changes in long-term obligations for the year ended June 30, 2013:

	Beginning Balances	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds payable:					
General obligation bonds	\$ 16,986,482	\$ -	\$ (2,205,065)	\$ 14,781,417	\$ 2,196,093
Unamortized amounts:					
Premiums	350,613	-	(84,258)	266,355	-
Deferred amounts	(360,801)	-	137,104	(223,697)	-
<b>Total bonds payable</b>	<b>16,976,294</b>	<b>-</b>	<b>(2,152,219)</b>	<b>14,824,075</b>	<b>2,196,093</b>
Other liabilities:					
Capital leases	4,110,113	-	(304,586)	3,805,527	320,978
Compensated absences	5,097,956	2,609,232	(1,784,284)	5,922,904	2,073,016
Landfill post-closure liability	144,000	-	(9,000)	135,000	9,000
Early Retirement	285,199	-	(285,199)	-	-
Claims payable	50,000	-	(50,000)	-	-
Net OPEB obligation (see Note 10)	6,449,928	1,647,205	-	8,097,133	-
	<b>\$ 33,113,490</b>	<b>\$ 4,256,437</b>	<b>\$ (4,585,288)</b>	<b>\$ 32,784,639</b>	<b>\$ 4,599,087</b>
<b>Business-type Activities</b>					
Bonds payable:					
General obligation bonds	\$ 1,753,518	\$ -	\$ (289,936)	\$ 1,463,582	\$ 288,906
Other liabilities:					
Notes payable	15,606,653	-	(801,400)	14,805,253	802,023
Compensated absences	331,192	181,590	(115,917)	396,865	138,903
	<b>\$ 17,691,363</b>	<b>\$ 181,590</b>	<b>\$ (1,207,253)</b>	<b>\$ 16,665,700</b>	<b>\$ 1,229,832</b>

Certain general obligation bonds and the notes payable allocable to the water and sewer projects are secured by the full faith and credit of the Town, but are substantially liquidated by water and sewer usage charges. The remaining liabilities above typically have been liquidated in the General and other governmental funds.

**TOWN OF WINDHAM, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

General Obligation Bonds

A summary of general obligation bonds outstanding at June 30, 2013 is as follows:

Purpose of Bonds	Date of Issue	Original Amount	Interest Rates	Final Maturity Date	Amount Outstanding
<b>Governmental Activities:</b>					
Bonds Payable:					
General purposes and schools refunding bonds	2004	\$ 14,424,733	2.75%-5.00%	2016	\$ 4,032,417
General purpose bonds	2006	3,200,000	4.00%-5.00%	2026	2,059,000
General purpose bonds	2010	4,000,000	1.75%-4.00%	2031	3,775,000
General purpose refunding bonds	2010	5,260,000	2.00%-4.00%	2024	3,915,000
Qualified Zone Academy Bonds	2004	500,000	-	2016	500,000
Qualified Zone Academy Bonds	2006	500,000	-	2018	500,000
					<u>\$ 14,781,417</u>
<b>Business-type Activities:</b>					
Bonds Payable:					
Water bonds, refinanced	2004	\$ 2,553,665	2.75%-5.00%	2016	\$ 786,000
Water bonds	2006	1,220,000	4.00%-5.00%	2026	677,582
					<u>1,463,582</u>
Notes Payable:					
Clean Water Fund note payable	2008	\$ 668,189	2.00%	2027	488,266
Clean Water Fund note payable	2012	15,408,418	2.00%	2032	14,316,987
					<u>14,805,253</u>
					<u>\$ 31,050,252</u>

**TOWN OF WINDHAM, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

Annual debt service requirements to maturity on general obligation bonds, water bonds and clean water fund notes are as follows as of June 30, 2013:

Year Ending June 30:	Governmental Activities	
	Bonds Payable	
	Principal	Interest
2014	\$ 2,196,093	\$ 503,116
2015	2,252,144	413,661
2016	2,738,180	318,554
2017	903,000	230,725
2018	1,403,000	199,456
2019-2023	3,650,000	602,484
2024-2028	1,439,000	130,268
2029-2032	200,000	12,016
	<u>\$ 14,781,417</u>	<u>\$ 2,410,280</u>

Year Ending June 30:	Business-Type Activities					
	Bonds Payable		Notes Payable		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 288,906	\$ 67,284	\$ 802,023	\$ 290,038	\$ 1,090,929	\$ 357,322
2015	287,856	52,839	802,661	273,992	1,090,517	326,831
2016	286,820	38,446	803,312	257,933	1,090,132	296,379
2017	62,000	24,725	803,978	241,860	865,978	266,585
2018	62,000	22,245	804,653	225,775	866,653	248,020
2019-2023	310,000	22,873	4,033,913	887,100	4,343,913	909,973
2024-2028	166,000	-	3,994,039	483,568	4,160,039	483,568
2029-2032	-	-	2,760,674	105,932	2,760,674	105,932
	<u>\$ 1,463,582</u>	<u>\$ 228,412</u>	<u>\$ 14,805,253</u>	<u>\$ 2,766,198</u>	<u>\$ 16,268,835</u>	<u>\$ 2,994,610</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 \$32,543,000 as of June 30, 2013. 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, 2013.

As of June 30, 2013, the Town has authorized and unissued bonds of \$4,361,802 for school construction projects and \$4,650,000 for roads and sidewalks.

School Bond Reimbursement

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. The amount of reimbursement for principal and interest for the year ended June 30, 2013 was \$827,206 and \$151,869, respectively. Additional reimbursements of principal and interest aggregating \$2,458,133 and \$226,779, respectively, are expected to be received through the applicable bonds' maturity dates.

**TOWN OF WINDHAM, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

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Capital leases

A summary of assets under capital leases is as follows as of June 30, 2013:

	<u>Governmental Activities</u>
Machinery and equipment	\$ 5,152,450
Less: accumulated depreciation	1,939,484
	<u>\$ 3,212,966</u>

Depreciation expense relative to leased property under capital leases for the year ended June 30, 2013 totaled \$398,945 and is included in depreciation and amortization expense.

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 are as follows:

	<u>Governmental Activities</u>
Year Ending June 30:	
2014	\$ 465,657
2015	456,377
2016	473,390
2017	491,044
2018	509,362
Thereafter	2,200,578
Total minimum lease payments	<u>4,596,407</u>
Less: amount representing interest	790,880
Present value of minimum lease payments	<u>\$ 3,805,527</u>

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 15 years are estimated to be \$135,000. 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, Continued**  
**June 30, 2013**

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**Note 7. Unearned/Deferred Revenue**

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

	Unavailable Revenues	Unearned Revenues
<b>General Fund</b>		
Property taxes receivable	\$ 713,791	\$ -
School construction grant receivable	2,684,911	-
	<u>3,398,702</u>	<u>-</u>
<b>Magnet School Fund</b>		
Intergovernmental receivable	6,240,802	-
<b>Educational Grants Fund</b>		
Grants drawdown in advance	-	563,335
<b>Other Nonmajor Governmental Funds</b>		
Loans receivable	286,155	-
Intergovernmental receivable	49,664	-
	<u>335,819</u>	<u>-</u>
<b>Total</b>	<u>\$ 9,975,323</u>	<u>\$ 563,335</u>

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

Public Employee Retirement System

**Plan Descriptions**

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, 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 of 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, Continued**  
**June 30, 2013**

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**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	27	24	9	73
Terminated employees entitled to benefits but not yet receiving them	-	1*	67	45
Active plan members	25	40	96	116
	<u>52</u>	<u>65</u>	<u>172</u>	<u>234</u>

\*Non vested terminations due a refund of contributions

**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.

## TOWN OF WINDHAM, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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#### **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.

Municipal employees are required to make contributions of 1.50% of annual earnings through June 30, 2013 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.

#### **Covered Payroll**

Covered payroll for the Town's various pension plans described above as of the most recent actuarial valuation were as follows:

Covered by:	
Fire PERS	\$ 1,493,434
Police PERS	2,476,451
Municipal PERS	5,297,089
Board of Education PERS	3,805,941
<b>Total covered payroll</b>	<b>\$ 13,072,915</b>

**TOWN OF WINDHAM, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

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**Administrative Costs**

Administrative costs are paid by the plans.

**Funding Status and Funding Progress**

At the last actuarial valuation update, the schedule of funding progress for the Town's pension plans is as follows:

Actuarial Valuation Date	Fiscal Year Ending June 30,	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Overfunded (Underfunded) AAL (UAAL) (A-B)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((A-B)/C)
<b>FIRE PERS</b>							
July 1, 2011	2013	\$ 6,947,426	\$ 9,989,719	\$ (3,042,293)	70%	\$ 1,493,434	-204%
<b>Police PERS</b>							
July 1, 2011	2013	11,259,929	14,524,523	(3,264,594)	78%	2,476,451	-132%
<b>Municipal PERS</b>							
January 1, 2013	2013	10,469,452	10,244,221	225,231	102%	5,297,089	4%
<b>Board of Education PERS</b>							
July 1, 2011	2013	7,227,208	7,282,371	(55,163)	99%	3,805,941	-1%

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

The Aggregate Actuarial Cost Method is used to determine the annual required contributions (ARC) of the Town for the Municipal Plan. Because the method does not identify or separately amortize unfunded actuarial liabilities, information about funded status is prepared using the Projected Unit Credit Cost Method.

**TOWN OF WINDHAM, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

The significant actuarial assumptions used to compute the actuarial accrued liability described above are as follows:

	Fire	Police	Municipal	Board of Education
Valuation date	July 1, 2011	July 1, 2011	January 1, 2013	July 1, 2011
Actuarial cost method	Projected Unit Credit Cost Method	Projected Unit Credit Cost Method	Projected Unit Credit Cost Method	Entry Age Normal Method
Amortization method	Level Dollar	Level Dollar	Level Dollar	Level Dollar
Remaining amortization period	15.2 years-closed	13.2 years - closed	-	16.1 years-closed
Asset valuation method	**	**	Fair Value	**
Actuarial assumptions:				
Investment rate of return	7.50%	7.50%	7.50%	6.75%
Projected salary increases	5.00%	5.00%	3.00%	3.50%
Inflation rate	3.50%	3.50%	3.50%	3.00% - 3.50%

\*\* 4 year smoothing of capital appreciation.

**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, 2013 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	\$ 526,194	\$ 777,583	\$ 496,485	\$ 338,516
Employee	129,078	206,876	78,835	-
Total	<u>\$ 655,272</u>	<u>\$ 984,459</u>	<u>\$ 575,320</u>	<u>\$ 338,516</u>

Percentage of Covered Payroll	Fire	Police	Municipal	Board of Education
Employer	35.2%	31.4%	9.4%	8.9%
Employee	8.6%	8.4%	1.5%	0.0%
Total	<u>43.8%</u>	<u>39.8%</u>	<u>10.9%</u>	<u>8.9%</u>

**TOWN OF WINDHAM, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

**Annual Pension Cost and Net Pension Obligation**

Annual pension costs and net pension obligations (assets) for the current year were as follows:

	Fire	Police	Municipal	Board of Education
Annual required contribution	\$ 526,194	\$ 777,583	\$ 496,485	\$ 337,885
Interest on net pension obligation	(6,700)	(4,000)	(15,494)	(1,283)
Adjustment to annual required contribution	9,364	6,046	24,830	1,914
Annual pension cost	528,858	779,629	505,821	338,516
Contributions made	526,194	777,583	496,485	337,885
(Increase) decrease in net pension assets	2,664	2,046	9,336	631
Net pension assets, beginning of year	(89,337)	(53,327)	(212,668)	(19,008)
Net pension assets, end of year	\$ (86,673)	\$ (51,281)	\$ (203,332)	\$ (18,377)

**Three Year Trend Information:**

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
<b>Fire PERS</b>			
June 30, 2013	\$ 528,858	99.5%	\$ (86,673)
June 30, 2012	493,786	99.4%	(89,337)
June 30, 2011	470,809	94.4%	(92,083)
<b>Police PERS</b>			
June 30, 2013	\$ 779,629	99.7%	\$ (51,281)
June 30, 2012	784,648	99.7%	(53,327)
June 30, 2011	748,944	92.8%	(55,455)
<b>Municipal PERS</b>			
December 31, 2013	\$ 505,821	98.2%	(203,332)
December 31, 2012	454,026	98.1%	(212,668)
December 31, 2011	317,571	120.5%	(221,144)
<b>Board of Education PERS</b>			
June 30, 2013	\$ 338,516	99.8%	\$ (18,377)
June 30, 2012	320,167	99.8%	(19,008)
June 30, 2011	299,460	99.8%	(19,599)

TOWN OF WINDHAM, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2013

**Plan Financial Statements**

TOWN OF WINDHAM, CONNECTICUT  
COMBINING STATEMENT OF FIDUCIARY NET POSITION -  
PENSION TRUST FUNDS  
JUNE 30, 2013

	Firemen's Pension	Policemen's Pension	Municipal Employees' Pension	Board of Education Employees' Pension	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 394,893	\$ 526,573	\$ -	\$ -	\$ 921,466
Investments:					
Debt securities	1,314,198	2,502,613	-	-	3,816,811
Corporate bonds	842,100	1,468,409	-	-	2,310,509
Group annuity contracts	-	-	4,911,748	7,817,786	12,729,534
Collective trusts	-	-	6,002,547	-	6,002,547
Other	-	-	-	-	-
Receivables	539,934	877,246	496,485	-	1,913,665
<b>Total assets</b>	<b>8,935,742</b>	<b>15,044,637</b>	<b>11,410,780</b>	<b>7,817,786</b>	<b>43,208,945</b>
<b>LIABILITIES</b>					
Due to other funds	470,759	558,664	-	-	1,029,423
<b>Total liabilities</b>	<b>470,759</b>	<b>558,664</b>	<b>-</b>	<b>-</b>	<b>1,029,423</b>
<b>Net Position</b>					
Held in trust for pension benefits	\$ 8,464,983	\$ 14,485,973	\$ 11,410,780	\$ 7,817,786	\$ 42,179,522

**TOWN OF WINDHAM, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

TOWN OF WINDHAM, CONNECTICUT  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
 PENSION TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

	Firemen's Pension	Policemen's Pension	Municipal Employees' Pension	Board of Education Employees' Pension	Total
<b>ADDITIONS</b>					
Contributions:					
Employer	\$ 526,194	\$ 777,583	\$ 496,485	\$ 337,885	\$ 2,138,147
Plan members	129,078	206,876	78,835	-	414,789
Other	985	57	-	-	1,042
<b>Total contributions</b>	<b>656,257</b>	<b>984,516</b>	<b>575,320</b>	<b>337,885</b>	<b>2,553,978</b>
Investment earnings:					
Interest and dividends	200,215	339,767	-	370,134	910,116
Net appreciation in fair value of investments	563,159	1,056,176	919,965	-	2,539,300
<b>Total investment earnings</b>	<b>763,374</b>	<b>1,395,943</b>	<b>919,965</b>	<b>370,134</b>	<b>3,449,416</b>
<b>Total additions</b>	<b>1,419,631</b>	<b>2,380,459</b>	<b>1,495,285</b>	<b>708,019</b>	<b>6,003,394</b>
<b>DEDUCTIONS</b>					
Benefit payments	629,714	640,363	28,155	349,675	1,647,907
Administrative and other expenses	-	2,691	-	78,797	81,488
<b>Total deductions</b>	<b>629,714</b>	<b>643,054</b>	<b>28,155</b>	<b>428,472</b>	<b>1,729,395</b>
<b>Change in Net Position</b>	<b>789,917</b>	<b>1,737,405</b>	<b>1,467,130</b>	<b>279,547</b>	<b>4,273,999</b>
<b>Net Position Held in Trust for Pension Benefits:</b>					
Beginning of year	7,675,064	12,748,571	9,943,649	7,538,239	37,905,523
End of year	\$ 8,464,981	\$ 14,485,976	\$ 11,410,779	\$ 7,817,786	\$ 42,179,522

**CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM**

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit retirement plan established under Chapter 167a of the Connecticut General Statutes (CGS) and administered by the State Teachers' Retirement Board. Neither the Board of Education nor the Town has a legal obligation to contribute to the retirement fund. The financial statements of the Plan are available from the Connecticut State Teachers' Retirement Board, 21 Grand Street, Hartford, CT 06105.

Participation in the system is required for all certified teachers in the State who are employed for at least an average of half time. Teachers are 100% vested after completing ten (10) years of Connecticut teaching service, the last five (5) of which must have been consecutive, if leaving the Connecticut Public School service before age sixty (60).

The Board of Education's total certified and covered payroll is \$20,917,000. The teachers' contributions for the year ended June 30, 2013 were \$1,516,492. Teachers are required to contribute 7.25% of their annual salary with the State of Connecticut funding the remaining cost of benefits. These obligations are established under the authority of Section 10-183 b(7) of the CGS.

**TOWN OF WINDHAM, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

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In accordance with the provisions of Governmental Accounting Standards Board Statement No. 24, the Town has reported "on-behalf" payments of \$4,387,000 made by the State of Connecticut into the plan as intergovernmental revenues and related expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of governmental funds.

**Note 9. Other Post-employment Benefits(OPEB)**

**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. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

**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.

For fiscal year 2013, the Town is self-insured. The retiree contributions exceeded claims and administrative costs resulting in a negative contribution.

**Annual OPEB Cost and Net OPEB Obligation**

The Town's annual OPEB cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the Town's net OPEB obligation.

Annual required contribution	\$ 1,713,600
Interest on net OPEB obligation	257,997
Adjustment to annual required contribution	<u>(358,728)</u>
Annual OPEB cost	1,612,869
Contributions made	<u>34,336</u>
Increase in net OPEB obligation	1,647,205
Net OPEB obligation, beginning of year	6,449,928
Net OPEB obligation, end of year	<u><u>\$ 8,097,133</u></u>

**TOWN OF WINDHAM, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

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

Plan Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 1,612,869	2.1%	\$ 8,097,133
June 30, 2012	1,600,973	42.4%	6,449,928
June 30, 2011	2,481,761	24.8%	5,527,601

**Funded Status and Funding Progress**

The funded status of the plan as of July 1, 2012 (the date of the most recent actuarial valuation) was as follows:

Actuarial Valuation Date	Fiscal Year Ending June 30,	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Overfunded (Underfunded) AAL (UAAL) (A-B)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((A-B)/C)
July 1, 2012	2013	\$ -	\$ 14,318,000	\$ (14,318,000)	0%	\$ 42,017,400	34%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Town are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits are based on the substantive plan (the plan as understood by the Town and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and the plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Town and plan members in the future. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

## TOWN OF WINDHAM, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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Significant methods and assumptions were as follows:

Valuation date	July 1, 2010
Actuarial cost method	Projected Unit Credit Method
Amortization method	Level Dollar
Remaining amortization period in years	30 Years – Open
Actuarial assumptions (includes inflation rate):	
Inflation rate	4.00%
Healthcare cost trend rate	10.00 % initial; 5.00 final

In addition to pension benefits, certain health and life insurance benefits for retired employees and their spouses are provided by the Town as determined by various union contracts. Substantially all Town employees may become eligible for those benefits, if they reach normal retirement age while working for the Town. The Town recognizes the cost of providing those benefits on a pay-as-you-go basis.

#### **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. Settlement claims resulting from these risks have not exceeded commercial insurance coverage in the last three years. The Town is not insured concerning the following types of risks: unemployment compensation.

The Town is currently a member in the Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. seq. of the CGS, for workers' compensation coverage. CIRMA has approximately 215 members in the workers' compensation pool. The Town pays an annual premium for its coverage. CIRMA is to be self-sustaining through members' premiums but reinsures in excess of \$750,000 for each insured occurrence.

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.

As of July 1, 2012, the Town and BOE transitioned its liability for health benefits to a Self Insurance Fund to account for claim activity and the administrative costs associated with a self-insured funding arrangement. 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 (\$9,637,396) 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.

## TOWN OF WINDHAM, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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A summary of claims activity for the year ended through June 30, 2013 and 2012 are as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2012	\$ 35,001	\$ 389,811	\$ 411,973	\$ 12,839
2013	12,839	7,372,270	6,948,707	436,402

The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2013. Claims liabilities are recorded in accordance with GASB Statements 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. The claims accrual does not include other allocated or unallocated claims adjustment expenses.

#### **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 general-purpose financial statements of the Town in accordance with GASB Statement No. 32.

**TOWN OF WINDHAM, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

**Note 13. Fund Balances**

Below is a table of fund balance categories and classifications at June 30, 2013 for the Town's governmental funds:

	General Fund	Educational Grants Fund	Windham Magnet School Fund	Nonmajor Governmental Funds
<b>Fund balances:</b>				
<b>Nonspendable:</b>				
Inventory	\$ 111,744	\$ -	\$ -	\$ 15,245
Permanent Fund Principal	-	-	-	482,953
<b>Total nonspendable</b>	<b>111,744</b>	<b>-</b>	<b>-</b>	<b>498,198</b>
<b>Restricted:</b>				
Education	520,331	-	-	-
Culture & Recreation	-	-	-	229,578
Public safety	-	-	-	7,135
Public works	-	-	-	98,339
Community Rehabilitation Program	-	-	-	138,648
Capital Outlay	-	-	-	48,710
<b>Total restricted</b>	<b>520,331</b>	<b>-</b>	<b>-</b>	<b>522,410</b>
<b>Committed:</b>				
Capital outlay	32,802	-	-	1,443,304
Civic and cultural	41,482	-	-	166,896
Education	67,881	-	-	-
General Government	-	-	-	169,021
<b>Total committed</b>	<b>142,165</b>	<b>-</b>	<b>-</b>	<b>1,779,221</b>
<b>Assigned:</b>				
Education	254,466	-	-	-
General government	263,612	-	-	-
Culture & Recreation	3,719	-	-	-
Human Services	1,807	-	-	-
Public safety	16,672	-	-	-
Planning and development	1,984	-	-	-
<b>Total assigned</b>	<b>542,260</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Unassigned</b>	<b>10,109,251</b>	<b>-</b>	<b>(6,805,983)</b>	<b>(208,670)</b>
<b>Total fund balance</b>	<b>\$ 11,425,751</b>	<b>\$ -</b>	<b>\$ (6,805,983)</b>	<b>\$ 2,591,159</b>

**Note 14. Subsequent Event**

**Bond Anticipation Notes**

On December 11, 2013, \$6,000,000 of bond anticipation notes were issued.

TOWN OF WINDHAM, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2013

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**Note 15. Deficit Fund Equity**

Major Funds:	
Magnet School Fund	\$ 6,805,983
Nonmajor Funds:	
Roads & Sidewalk Bonds	208,670
	<u>\$ 7,014,653</u>

The Town anticipates financing the Roads & Sidewalk Bonds deficit through future bond proceeds. Magnet School deficit will be repaid with future grant revenues.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates in the future that may impact future financial presentations, except for GASB No. 68 which requires recognition of unfunded pension liabilities.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the Town.

- **GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities***, clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Concepts Statement (CON) No. 4, *Elements of Financial Statements*, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in CON 4. Based on those definitions, GASB 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, GASB 65 recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. The provisions of this Statement are effective for periods beginning after December 15, 2012, and would be applied on a prospective basis. Early adoption is encouraged
- **GASB Statement No. 66, *Technical Corrections - 2012***, enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. GASB 66 amends GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state or local government's risk financing activities to the general fund and the internal service fund types. As a result, governments would base their decisions about governmental fund type usage for risk financing activities on the definitions in GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The Statement also amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for: (a) operating lease payments that vary from a straight-line basis; (b) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans; and (c) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes would eliminate any uncertainty regarding the application of GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and

## TOWN OF WINDHAM, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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result in guidance that is consistent with the requirements in GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively. The provisions of this Statement are effective for periods beginning after December 15, 2012, and would be applied on a prospective basis. Early adoption is encouraged.

- **GASB Statement 67, *Financial Reporting for Pension Plans*.** The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to define contribution plans that provide postemployment benefits other than pensions. The provisions of this Statement will be effective for the Town beginning with year ending June 30, 2014.
- **GASB Statement 68, *Accounting and Financial Reporting for Pensions*.** The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The provisions of this Statement will be effective for the Town beginning with year ending June 30, 2015.
- **GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*,** was issued in January 2013. This Statement provides guidance for:
  - Determining whether a specific government combination is a government merger, a government acquisition, or a transfer of operations.
  - Using carrying values (generally, the amounts recognized in the pre-combination financial statements of the combining governments or operations) to measure the assets, deferred outflows of resources, liabilities, and deferred inflows of resources combined in a government merger or transfer of operations.
  - Measuring acquired assets, deferred outflows of resources, liabilities, and deferred inflows of resources based on their acquisition values in a government acquisition.
  - Reporting the disposal of government operations that have been transferred or sold.

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

- **GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.** This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This Statement also requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also requires a government that is required to repay a guarantor for

**TOWN OF WINDHAM, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

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making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013.

- **GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement date, an amendment of GASB Statement No. 68.*** The objective of this Statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68, Accounting and Financial Reporting for Pensions, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities. The provisions of this Statement are effective for reporting periods beginning after June 15, 2015.

**REQUIRED SUPPLEMENTARY  
INFORMATION**



TOWN OF WINDHAM, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION - unaudited

SCHEDULE OF FUNDING PROGRESS

June 30, 2013

SCHEDULE OF FUNDING PROGRESS (000's)

Actuarial Valuation Date	Fiscal Year Ending	Actuarial Valuation of Assets (A)	Actuarial Liability (AAL) (B)	(Unfunded)/Overfunded AAL (UAAL) (A-B)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((A-B)/C)
<b>Fire PERS</b>							
July 1, 2011	2012	\$ 6,947,426	\$ 9,989,719	\$ (3,042,293)	70%	\$ 1,493,434	(204%)
July 1, 2009	2010	7,151,615	9,682,542	(2,530,927)	74%	1,719,319	(147%)
July 1, 2007	2008	7,010,955	8,958,819	(1,947,864)	78%	1,407,852	(138%)
July 1, 2005	2006	6,208,423	8,371,476	(2,163,053)	74%	1,230,209	(176%)
<b>Police PERS</b>							
July 1, 2011	2012	\$ 11,259,929	\$ 14,524,523	\$ (3,264,594)	78%	\$ 2,476,451	(132%)
July 1, 2009	2010	10,490,417	13,739,936	(3,249,519)	76%	2,451,505	(133%)
July 1, 2007	2008	9,490,945	11,905,977	(2,415,032)	80%	2,138,454	(113%)
July 1, 2005	2006	7,736,178	10,843,144	(3,106,966)	71%	2,051,700	(151%)
<b>Municipal PERS</b>							
January 1, 2013	2013	\$ 10,469,452	\$ 10,244,221	\$ 225,231	102%	\$ 5,297,089	4%
January 1, 2012	2012	9,930,100	9,627,584	302,516	103%	5,266,031	6%
January 1, 2011	2011	9,809,076	8,572,796	1,236,280	114%	4,891,794	25%
January 1, 2010	2010	8,471,091	7,832,271	638,820	108%	4,753,331	13%
January 1, 2009	2009	8,269,138	8,055,101	214,037	103%	4,807,456	4%
January 1, 2008	2008	9,560,220	8,854,965	705,255	108%	4,555,826	15%
January 1, 2007	2007	9,629,910	8,214,016	1,415,894	117%	4,459,537	32%
<b>Board of Education PERS</b>							
July 1, 2011	2013	\$ 7,227,208	\$ 7,282,371	\$ (55,163)	99%	\$ 3,805,941	(1%)
July 1, 2010	2012	6,932,974	6,897,426	35,548	101%	3,890,910	1%
July 1, 2009	2011	6,626,078	6,482,180	143,898	102%	3,797,147	4%
July 1, 2008	2010	6,273,747	6,046,151	227,596	104%	3,791,184	6%
July 1, 2007	2009	5,902,603	5,742,543	160,060	103%	3,515,021	5%
July 1, 2006	2008	5,535,001	5,311,567	223,434	104%	3,429,673	7%
July 1, 2005	2007	5,236,145	4,970,905	265,240	105%	3,271,719	8%
<b>Other Post-Employment Benefit Plan</b>							
July 1, 2012	2013	\$ -	\$ 14,318,000	\$ (14,318,000)	0%	\$ 42,017,400	(34%)
July 1, 2010	2011	-	18,112,000	(18,112,000)	0%	40,045,000	(45%)
July 1, 2008	2009	-	26,159,831	(26,159,831)	0%	39,532,700	(66%)

TOWN OF WINDHAM, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION-unaudited  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 June 30, 2013

<i>SCHEDULE OF EMPLOYER CONTRIBUTIONS (000's)</i>			
Year Ended June 30,	Annual Required Contributions	Actual Contributions	Percentage Contributed
<b>Fire PERS</b>			
2013	\$ 526,194	\$ 526,194	100%
2012	491,040	491,040	100%
2011	467,717	444,479	95%
2010	368,082	368,082	100%
2009	350,495	350,495	100%
2008	357,806	357,806	100%
2007	341,103	438,800	129%
<b>Police PERS</b>			
2013	\$ 777,583	\$ 777,583	100%
2012	782,520	782,520	100%
2011	745,490	695,142	93%
2010	624,215	624,215	100%
2009	594,921	594,921	100%
2008	676,445	676,455	100%
2007	476,291	476,291	100%
<b>Municipal PERS</b>			
2013	\$ 496,485	\$ 496,485	100%
2012	445,550	445,550	100%
2011	312,389	382,548	122%
2010	382,548	423,201	111%
2009	423,201	497,457	118%
2008	492,458	492,458	100%
2007	464,291	464,291	100%
<b>Board of Education PERS</b>			
2013	\$ 337,885	\$ 337,885	100%
2012	319,576	319,576	100%
2011	298,906	298,906	100%
2010	288,880	288,880	100%
2009	277,220	277,220	100%
2008	260,848	260,848	100%
2007	250,997	250,997	100%
<b>Other Post-Employment Benefit Plan</b>			
2013	\$ 1,713,600	\$ (34,336)	-2%
2012	1,687,300	678,646	40%
2011	2,538,940	615,394	24%
2010	2,498,355	671,816	27%
2009	2,459,331	595,528	24%

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, 2013

	Total			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes, liens and interest	\$ 31,901,182	\$ 31,901,182	\$ 32,599,105	\$ 697,923
Intergovernmental	30,628,622	30,628,622	31,259,141	630,519
Licenses and permits	403,600	403,600	291,009	(112,591)
Fines, forfeitures, and penalties	22,800	22,800	14,683	(8,117)
Charges for services	2,172,185	2,172,185	2,292,311	120,126
Investment income	95,000	95,000	38,777	(56,223)
Other	846,938	846,938	750,116	(96,822)
<b>Total revenues</b>	<b>66,070,327</b>	<b>66,070,327</b>	<b>67,245,142</b>	<b>1,174,815</b>
<b>EXPENDITURES</b>				
Current:				
General government	2,454,875	2,485,419	2,384,561	100,858
Public safety	1,688,460	1,733,287	1,697,045	36,242
Public works	3,961,384	4,077,215	4,045,370	31,845
Human services	557,457	577,007	544,508	(8,467)
Civic and cultural	1,191,665	1,170,196	1,112,357	57,839
Planning and development	431,619	431,619	417,202	14,417
Other	1,442,480	1,466,237	1,415,990	50,247
Police	5,765,720	5,761,966	5,720,655	41,311
Fire	2,455,510	2,515,471	2,494,108	21,363
Education	43,196,706	43,196,706	43,164,240	32,466
Debt service:	2,803,450	2,803,450	2,802,435	1,015
Contingency	180,000	201	-	201
<b>Total expenditures</b>	<b>66,129,326</b>	<b>66,218,774</b>	<b>65,798,471</b>	<b>420,303</b>
<b>Revenues over (under) expenditures</b>	<b>(58,999)</b>	<b>(148,447)</b>	<b>1,446,671</b>	<b>1,595,118</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in from other funds	329,000	329,000	323,724	(5,276)
Transfers out to other funds	(260,000)	(170,000)	(158,444)	1,556
<b>Total other financing sources (uses)</b>	<b>69,000</b>	<b>159,000</b>	<b>165,280</b>	<b>6,280</b>
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>\$ 10,001</b>	<b>\$ 10,553</b>	<b>\$ 1,611,951</b>	<b>\$ 1,601,398</b>

The note to the required supplementary information is an integral part of this statement.

## TOWN OF WINDHAM, CONNECTICUT

### NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2013

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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 WSD. 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 WSD.
- 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, 2013, 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 Teacher's 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, Continued**  
**June 30, 2013**

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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, 2013:

	<u>Revenues and Transfers</u>	<u>Expenditures and Transfers</u>
Budgetary basis	\$ 67,568,866	\$ 65,956,915
"On-behalf" payments - State Teachers Retirement Fund (see Note 9)	4,387,000	4,387,000
Reclassified to General Fund due to GASB No. 54	1,169,215	1,169,851
Transfers eliminated due to GASB No. 54	(85,000)	(85,000)
Transfer out to Miscellaneous Education Fund	-	687,119
Other	-	(43,125)
GAAP basis	<u>\$ 73,040,081</u>	<u>\$ 72,072,760</u>

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**Combining and Individual  
Fund Statements and Other Schedules**



**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.

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TOWN OF WINDHAM, CONNECTICUT

COMBINING BALANCE SHEET - GENERAL FUND

June 30, 2013

	Town	Willimantic Service District	Special Education Excess Cost Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,691,967	\$ 225	\$ -
Receivables:			
Property taxes, net	758,092	145,678	-
Grants and contracts receivable	2,684,911		
Accounts receivable, net	1,124,775	138,258	85,896
Due from other funds	9,103,471	2,729,951	-
Restricted cash	520,331	-	-
Inventories	111,744	-	-
<b>Total assets</b>	<b>\$ 21,995,291</b>	<b>\$ 3,014,112</b>	<b>\$ 85,896</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 4,007,029	\$ 242,510	\$ -
Due to other funds	5,935,411	-	85,896
Deferred revenue	3,283,677	115,025	-
<b>Total liabilities</b>	<b>13,226,117</b>	<b>357,535</b>	<b>85,896</b>
Fund Balance:			
Nonspendable	111,744	-	-
Restricted	520,331	-	-
Committed	142,165	-	-
Assigned	460,847	81,413	-
Unassigned	7,534,087	2,575,164	-
<b>Total fund balance</b>	<b>8,769,174</b>	<b>2,656,577</b>	<b>-</b>
<b>Total liabilities and fund balance</b>	<b>\$ 21,995,291</b>	<b>\$ 3,014,112</b>	<b>\$ 85,896</b>

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Open Space Fund	Eliminations	Total
\$ -	\$ -	\$ 7,692,192
-	-	903,770
-	-	2,684,911
-	-	1,348,929
-	(2,815,847)	9,017,575
-	-	520,331
-	-	111,744
<u>\$ -</u>	<u>\$ (2,815,847)</u>	<u>\$ 22,279,452</u>

\$ -	\$ -	\$ 4,249,539
-	(2,815,847)	3,205,460
-	-	3,398,702
<u>-</u>	<u>(2,815,847)</u>	<u>10,853,701</u>

-	-	111,744
-	-	520,331
-	-	142,165
-	-	542,260
-	-	10,109,251
<u>-</u>	<u>-</u>	<u>11,425,751</u>
<u>\$ -</u>	<u>\$ (2,815,847)</u>	<u>\$ 22,279,452</u>

TOWN OF WINDHAM, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
**GENERAL FUND**  
 For the Year Ended June 30, 2013

	Town	Willimantic Service District	Special Education Excess Cost Fund
<b>REVENUES</b>			
Property taxes	\$ 27,412,938	\$ 5,186,169	\$ -
Intergovernmental	32,107,457	3,538,682	1,169,189
Charges for services	1,839,816	452,495	-
Licenses and permits	270,168	20,841	-
Fines, forfeitures, and penalties	1,153	13,530	-
Investment income	23,109	15,693	-
Miscellaneous	369,266	380,851	-
<b>Total revenues</b>	<b>62,023,907</b>	<b>9,608,261</b>	<b>1,169,189</b>
<b>EXPENDITURES</b>			
Current:			
General government	2,476,739	-	-
Public safety	1,697,045	-	-
Public works	4,045,370	-	-
Human services	544,507	-	-
Civic and cultural	1,107,580	-	-
Planning and development	417,195	-	-
Education	47,484,167	-	1,169,189
Police	-	5,670,655	-
Fire	-	2,459,108	-
Miscellaneous	-	576,004	-
Debt service:			
Principal retirements	2,205,065	-	-
Interest and other charges	1,373,735	-	-
Capital outlay	63,620	-	-
<b>Total expenditures</b>	<b>61,415,023</b>	<b>8,705,767</b>	<b>1,169,189</b>
<b>Revenues over (under) expenditures</b>	<b>608,884</b>	<b>902,494</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	323,724	-	-
Transfers out	(782,119)	(85,000)	-
<b>Total other financing sources (uses)</b>	<b>(458,395)</b>	<b>(85,000)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>150,489</b>	<b>817,494</b>	<b>-</b>
<b>FUND BALANCES, beginning</b>	<b>8,618,685</b>	<b>1,839,083</b>	<b>-</b>
<b>FUND BALANCES, ending</b>	<b>\$ 8,769,174</b>	<b>\$ 2,656,577</b>	<b>\$ -</b>

Open Space Fund	Eliminations	Total
\$ -	\$ -	\$ 32,599,107
-	-	36,815,328
-	-	2,292,311
-	-	291,009
-	-	14,683
-	-	38,802
-	-	750,117
-	-	\$ 72,801,357
662	-	2,477,401
-	-	1,697,045
-	-	4,045,370
-	-	544,507
-	-	1,107,580
-	-	417,195
-	-	48,653,356
-	-	5,670,655
-	-	2,459,108
-	-	576,004
-	-	2,205,065
-	-	1,373,735
-	-	63,620
662	-	71,290,641
(662)	-	1,510,716
-	(85,000)	238,724
-	85,000	(782,119)
-	-	(543,395)
(662)	-	967,321
662	-	10,458,430
\$ -	\$ -	\$ 11,425,751

TOWN OF WINDHAM, CONNECTICUT

SCHEDULE OF REVENUES - BUDGET AND ACTUAL - BUDGETARY BASIS - TOWN

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>TAXES, LIENS AND INTEREST</b>				
Current Taxes	\$ 26,042,887	\$ 26,042,887	\$ 26,340,246	\$ 297,359
Motor Vehicle Supplemental	200,000	200,000	274,831	74,831
Prior Year Taxes	320,000	320,000	489,283	169,283
Interest and Liens	250,000	250,000	308,577	58,577
<b>Total Taxes, Liens and Interest</b>	<b>26,812,887</b>	<b>26,812,887</b>	<b>27,412,937</b>	<b>600,050</b>
<b>INTERGOVERNMENTAL</b>				
Emergency Management	11,000	11,000	19,492	8,492
Social Services Block Grant	15,000	15,000	13,638	(1,362)
Payment in Lieu of Taxes	200	200	-	(200)
Education Cost Sharing Grant	24,169,717	24,169,717	24,186,427	16,710
School Transportation	337,133	337,133	338,967	1,834
School Construction Grants	979,075	979,075	979,075	-
Aid to Private Schools	36,000	36,000	40,185	4,185
PILOT - State Property ECSU	848,438	848,438	866,857	18,419
PILOT - Elderly Freeze	3,000	3,000	1,000	(2,000)
PILOT - Elderly Circuit Breakers	64,000	64,000	59,655	(4,345)
PILOT - Housing Authority	-	-	34,545	34,545
PILOT - Totally Disabled	1,500	1,500	2,282	782
Library Grant	2,300	2,300	1,234	(1,066)
Maintenance of State Public Works	23,844	23,844	11,922	(11,922)
PILOT - Manufacturers Machinery and Equipment	212,500	212,500	475,946	263,446
PILOT - Private Colleges and Hospitals	210,721	210,721	205,403	(5,318)
Supp Municipal Aid (former Pequot)	447,626	447,626	441,868	(5,758)
Distressed Municipalities Manufacturing	9,000	9,000	4,149	(4,851)
PILOT - Veterans Exemptions	7,500	7,500	5,906	(1,594)
Other Revenue - State of CT	27,820	27,820	31,907	4,087
Connecticard Fees	750	750	-	(750)
<b>Total Intergovernmental</b>	<b>27,407,124</b>	<b>27,407,124</b>	<b>27,720,458</b>	<b>313,334</b>
<b>LICENSES AND PERMITS</b>				
Bingo and Raffle Permits	600	600	429	(171)
Building Permits	250,000	250,000	179,373	(70,627)
Multi Family Permits	130,000	130,000	85,727	(44,273)
Dog and Kennel License Fees	3,500	3,500	2,865	(635)
Sporting License Fees	4,500	4,500	1,774	(2,726)
<b>Total Licenses and Permits</b>	<b>388,600</b>	<b>388,600</b>	<b>270,168</b>	<b>(118,432)</b>
<b>FINES, FORFEITURES AND PENALTIES</b>				
Dog Redemption and Sale	1,800	1,800	778	(1,022)
Blight Ordinance	1,000	1,000	375	(625)
<b>Total Fines, Forfeitures and Penalties</b>	<b>2,800</b>	<b>2,800</b>	<b>1,153</b>	<b>(1,647)</b>

(Continued)

TOWN OF WINDHAM, CONNECTICUT

SCHEDULE OF REVENUES - BUDGET AND ACTUAL - BUDGETARY BASIS - TOWN, Continued  
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>CHARGES FOR SERVICES</b>				
Use of Town Property	\$ 32,000	\$ 32,000	\$ 18,638	\$ (13,362)
Refuse Coupons	15,000	15,000	17,576	2,576
Miscellaneous Fees	7,000	7,000	11,596	4,596
Ambulance Fees	950,000	950,000	973,213	23,213
Shared Services	10,000	10,000	13,125	3,125
Grave Openings	26,500	26,500	25,910	(590)
Foundations	100	100	-	(100)
Town Photocopies	17,000	17,000	18,206	1,206
Recording Fees	50,000	50,000	67,544	17,544
Vital Statistics	65,000	65,000	79,749	14,749
Fire Marshall Plan Review	5,000	5,000	4,700	(300)
Fire Marshal Inspection Fee	7,000	7,000	10,900	3,900
Fire Marshal Permit and Fees	25	25	220	195
Financial Services - Windham First Taxing District	38,000	38,000	32,983	(5,017)
Other Charges for Services	6,000	6,000	6,744	744
Engineering Services	3,000	3,000	1,400	(1,600)
Notary Fees	2,000	2,000	3,053	1,053
BOE Tuition from Other Towns	723,560	723,560	554,259	(169,301)
<b>Total Charges for Services</b>	<b>1,957,185</b>	<b>1,957,185</b>	<b>1,839,816</b>	<b>(117,369)</b>
<b>INVESTMENT INCOME</b>	<b>65,000</b>	<b>65,000</b>	<b>23,109</b>	<b>(41,891)</b>
<b>OTHER</b>				
PILOT 2 - Housing Authority	63,000	63,000	37,966	(25,034)
Telecommunications	34,000	34,000	42,204	8,204
Zoning Fees	15,000	15,000	5,224	(9,776)
Eviction Receipts	1,500	1,500	570	(930)
Off-Track Betting Tax	30,000	30,000	28,246	(1,754)
Real Estate Conveyance	240,000	240,000	97,664	(142,336)
Recycling Sales	-	-	90	90
Cemetery Leases	10,000	10,000	-	(10,000)
Insurance Reimbursement	-	-	1,072	1,072
Sale of Town Property	-	-	13,305	13,305
Miscellaneous	190,000	190,000	142,925	(47,075)
<b>Total Other</b>	<b>583,500</b>	<b>583,500</b>	<b>369,266</b>	<b>(214,234)</b>
<b>OTHER FINANCING USES</b>				
Transfer In - School Readiness	50,000	50,000	54,724	4,724
Transfer In - Sewer Fund	92,000	92,000	92,000	-
Transfer In - Water Fund	92,000	92,000	92,000	-
Transfer In - Willimantic Service District	85,000	85,000	85,000	-
<b>Total Other Financing Uses</b>	<b>319,000</b>	<b>319,000</b>	<b>323,724</b>	<b>4,724</b>
<b>TOTAL REVENUES</b>	<b>\$ 57,536,096</b>	<b>\$ 57,536,096</b>	<b>\$ 57,960,631</b>	<b>\$ 424,535</b>

TOWN OF WINDHAM, CONNECTICUT

SCHEDULE OF REVENUES - BUDGET AND ACTUAL - BUDGETARY BASIS - WILLIMANTIC SERVICE DISTRICT  
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>TAXES, LIENS AND INTEREST</b>				
Current Taxes	\$ 4,908,295	\$ 4,908,295	\$ 4,990,776	\$ 82,481
Motor Vehicle Supplemental	50,000	50,000	56,598	6,598
Prior Years Taxes	80,000	80,000	83,090	3,090
Interest and Liens	50,000	50,000	55,704	5,704
<b>Total Taxes, Liens and Interest</b>	<b>5,088,295</b>	<b>5,088,295</b>	<b>5,186,168</b>	<b>97,873</b>
<b>INTERGOVERNMENTAL</b>				
PILOT - State Property ECSU	1,979,689	1,979,689	2,022,666	42,977
PILOT - Elderly Freeze	3,000	3,000	1,000	(2,000)
PILOT - Elderly Circuit Breakers	64,000	64,000	57,666	(6,334)
PILOT - Housing Authority	-	-	34,545	34,545
PILOT - Totally Disabled	1,500	1,500	2,282	782
PILOT - Manufacturers Machinery and Equipment	212,500	212,500	475,946	263,446
PILOT - Private Colleges and Hospitals	491,683	491,683	479,274	(12,409)
Fines to Towns	5,000	5,000	13,054	8,054
Supp Municipal Aid (former Pequot)	447,626	447,626	441,868	(5,758)
Distressed Municipalities Manufacturing	9,000	9,000	4,476	(4,524)
PILOT - Veterans Exemptions	7,500	7,500	5,906	(1,594)
<b>Total Intergovernmental</b>	<b>3,221,498</b>	<b>3,221,498</b>	<b>3,538,683</b>	<b>317,185</b>
<b>LICENSES AND PERMITS</b>				
Parking Permits	10,000	10,000	10,366	366
Miscellaneous Permits	5,000	5,000	10,475	5,475
<b>Total Licenses and Permits</b>	<b>15,000</b>	<b>15,000</b>	<b>20,841</b>	<b>5,841</b>
<b>FINES, FORFEITURES AND PENALTIES</b>				
	20,000	20,000	13,530	(6,470)
<b>CHARGES FOR SERVICES</b>				
Private Police Services	210,000	210,000	442,848	232,848
Private Fire Services	5,000	5,000	9,647	4,647
<b>Total Charges for Services</b>	<b>215,000</b>	<b>215,000</b>	<b>452,495</b>	<b>237,495</b>
<b>INVESTMENT INCOME</b>				
	30,000	30,000	15,668	(14,332)
<b>OTHER</b>				
PILOT 2 - Housing Authority	27,000	27,000	88,586	61,586
BOE Youth Services Officer Reimbursement	50,000	50,000	130,000	80,000
Telecommunications	42,238	42,238	42,204	(34)
False Alarms	1,000	1,000	550	(450)
Recruitment Fees	2,000	2,000	-	(2,000)
Police and Fire Reports	1,200	1,200	1,226	26
Miscellaneous	140,000	140,000	118,284	(21,716)
<b>Total Other</b>	<b>263,438</b>	<b>263,438</b>	<b>380,850</b>	<b>117,412</b>
<b>OTHER FINANCING USES</b>				
Transfer In - WSD	10,000	10,000	-	(10,000)
<b>Total Revenues and Operating Transfers</b>	<b>\$ 8,863,231</b>	<b>\$ 8,863,231</b>	<b>\$ 9,608,235</b>	<b>\$ 745,004</b>

TOWN OF WINDHAM, CONNECTICUT

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -  
 BUDGETARY BASIS - TOWN  
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>GENERAL GOVERNMENT</b>				
Board of Finance	\$ 91,360	\$ 104,743	\$ 101,406	\$ 3,337
Town Council	29,200	29,200	27,714	1,486
Municipal Administration	313,240	322,152	316,171	5,981
Finance/Treasury	414,519	414,519	397,995	16,524
Tax/Revenue Collection	281,566	281,566	280,023	1,543
Assessor	342,280	341,554	330,372	11,182
Board of Assessment Appeals	200	200	87	113
Town Clerk/Recording	237,060	243,148	242,779	369
Elections	41,420	39,929	28,615	11,314
Registrar of Voters	36,500	37,991	37,300	691
Legal Counsel	71,000	71,000	60,496	10,504
Probate Court	35,430	35,430	35,430	-
Town Hall	145,600	151,385	144,097	7,288
Town Central Services	92,000	87,000	79,096	7,904
Aid to Private Schools	36,000	40,185	40,185	-
Data Processing	182,150	170,171	157,376	12,795
Charter Revision	10,000	10,000	1,748	8,252
Personnel	95,350	105,246	103,671	1,575
<b>Total General Government</b>	<b>2,454,875</b>	<b>2,485,419</b>	<b>2,384,561</b>	<b>100,858</b>
<b>PUBLIC SAFETY</b>				
Fire Marshal/Emergency Management	140,025	138,025	132,894	5,131
Animal Control	64,550	111,377	100,836	10,541
Ambulance	1,483,885	1,483,885	1,463,315	20,570
<b>Total Public Safety</b>	<b>1,688,460</b>	<b>1,733,287</b>	<b>1,697,045</b>	<b>36,242</b>
<b>PUBLIC WORKS</b>				
Engineering	155,965	154,855	148,609	6,246
Roads and Drainage	682,800	711,699	710,791	908
Machinery and Equipment	502,200	531,482	528,252	3,230
Snow Removal	99,500	129,132	128,490	642
Garage Maintenance	27,350	27,350	26,713	637
Tree Services	5,000	6,110	6,110	-
Traffic Control	39,000	34,000	33,541	459
Public Works Administration	305,300	296,216	292,251	3,965
Street Lighting	251,500	245,438	242,988	2,450
Park Maintenance	281,000	277,363	273,994	3,369
Building	99,350	171,714	171,034	680
Cemeteries	199,300	199,300	196,581	2,719
Solid Waste Removal	1,313,119	1,292,556	1,286,016	6,540
<b>Total Public Works</b>	<b>3,961,384</b>	<b>4,077,215</b>	<b>4,045,370</b>	<b>31,845</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, 2013

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>HUMAN SERVICES</b>				
Human Services	197,550	176,134	172,614	3,520
Outside Agencies	211,326	211,326	204,526	6,800
Windham Health Department	108,121	108,121	108,121	-
Senior Center	40,460	81,426	59,247	22,179
<b>Total Human Services</b>	<b>557,457</b>	<b>577,007</b>	<b>544,508</b>	<b>32,499</b>
<b>CIVIC AND CULTURAL</b>				
Willimantic Public Library	730,920	706,020	665,989	40,031
Recreation Administration	249,945	249,945	249,080	865
Recreation General Programs	116,100	116,100	114,811	1,289
Recreation Center	79,700	83,131	82,477	654
Civic and Cultural Donations	15,000	15,000	-	15,000
<b>Total Civic and Cultural</b>	<b>1,191,665</b>	<b>1,170,196</b>	<b>1,112,357</b>	<b>57,839</b>
<b>PLANNING AND DEVELOPMENT</b>				
Land Use Boards	18,900	18,900	16,583	2,317
Economic Development	13,900	13,900	10,683	3,217
Zoning Code Enforcement	270,144	270,144	264,896	5,248
Town Planner	128,175	128,175	124,978	3,197
Windham Historic District	500	500	62	438
<b>Total Planning and Development</b>	<b>431,619</b>	<b>431,619</b>	<b>417,202</b>	<b>14,417</b>
<b>OTHER</b>				
Capital Projects	64,620	64,620	63,620	1,000
Fringe Benefits	665,060	687,023	662,992	24,031
Risk Management	150,800	128,800	113,374	15,426
<b>Total Other</b>	<b>880,480</b>	<b>880,443</b>	<b>839,986</b>	<b>40,457</b>
<b>TOWN CONTINGENCY</b>	<b>130,000</b>	<b>201</b>	<b>-</b>	<b>201</b>
<b>DEBT SERVICE</b>				
Bond Payments - Principal	2,205,070	2,205,070	2,205,063	7
Bond Payments - Interest	597,380	597,380	597,372	8
Miscellaneous	1,000	1,000	-	1,000
<b>Total Debt Service</b>	<b>2,803,450</b>	<b>2,803,450</b>	<b>2,802,435</b>	<b>1,015</b>
<b>Total General Government</b>	<b>14,099,390</b>	<b>14,158,837</b>	<b>13,843,464</b>	<b>315,373</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, 2013

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>BOARD OF EDUCATION</b>	43,196,706	43,196,706	43,164,240	32,466
<b>OTHER FINANCING USES</b>				
Transfer out - Kramer Building Fund	115,000	45,000	43,444	1,556
Transfer out- Recreation Revolving Fund	20,000	20,000	20,000	-
Transfer out - Grant Match Fund	20,000	20,000	20,000	-
Transfer out - Reserve for Capital Improvement Fund	75,000	75,000	75,000	-
	10,000	10,000	-	10,000
<b>Total Other Financing Uses</b>	<b>240,000</b>	<b>170,000</b>	<b>158,444</b>	<b>11,556</b>
 <b>Total Expenditures and Other Financing Uses</b>	 <b>\$ 57,536,096</b>	 <b>\$ 57,525,543</b>	 <b>\$ 57,166,148</b>	 <b>\$ 359,395</b>

TOWN OF WINDHAM, CONNECTICUT

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -  
 BUDGETARY BASIS - WILLIMANTIC SERVICE DISTRICT  
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>POLICE</b>				
Administration	\$ 736,520	\$ 735,320	\$ 725,467	\$ 9,853
Patrol Services	3,294,920	3,391,346	3,385,234	6,112
Parking Control	11,800	11,800	-	11,800
Support Services	339,100	332,000	327,580	4,420
Capital Purchases	33,000	33,000	32,154	846
Fringe Benefits	1,029,220	937,340	931,574	5,766
Detective/Youth/Identification	321,160	321,160	318,646	2,514
<b>Total Police</b>	<b>5,765,720</b>	<b>5,761,966</b>	<b>5,720,655</b>	<b>41,311</b>
<b>FIRE</b>				
Administration	177,510	178,100	169,035	9,065
Fire Prevention	55,000	29,585	29,165	420
Operations and Maintenance	1,584,100	1,769,558	1,758,873	10,685
Central Services	8,200	6,000	5,519	481
Fringe Benefits	630,700	532,228	531,516	712
<b>Total Fire</b>	<b>2,455,510</b>	<b>2,515,471</b>	<b>2,494,108</b>	<b>21,363</b>
<b>OTHER</b>				
Safety Complex	562,000	585,794	576,004	9,790
<b>WSD CONTINGENCY</b>				
	50,000	-	-	-
<b>OTHER FINANCING USES</b>				
Transfer out -Grant Match Fund	20,000	-	-	-
<b>Total Other Financing Uses</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures and Other Financing Uses</b>	<b>\$ 8,853,230</b>	<b>\$ 8,863,231</b>	<b>\$ 8,790,767</b>	<b>\$ 72,464</b>

TOWN OF WINDHAM, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING -  
DISTRICT 1

For the Year Ended June 30, 2013

Grand List Year	Mill Rate	Uncollected Taxes/Levy July 1, 2012	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2013	
			Additions	Deletions			Taxes	Liens and Interest	Suspense Collections		Total
1996 and prior	23.80	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1997	22.80	-	-	-	-	-	-	-	59	59	-
1998	23.69	-	-	-	-	-	-	-	169	169	-
1999	26.34	-	-	-	-	-	-	-	386	386	-
2000	26.73	1,185	-	-	-	1,185	-	-	361	361	1,185
2001	24.75	-	-	-	-	-	-	-	55	55	-
2002	25.46	242	-	-	(163)	79	-	-	-	-	79
2003	27.84	471	-	-	(385)	86	-	-	337	337	86
2004	27.87	11,071	-	-	(10,738)	333	247	314	148	709	86
2005	23.95	16,363	-	-	(15,939)	424	315	356	92	763	109
2006	24.93	11,170	-	-	(10,899)	271	158	143	53	354	113
2007	24.94	17,271	-	75	(16,522)	674	450	367	1,219	2,036	224
2008	25.29	14,889	-	76	(13,230)	1,583	1,289	692	1,664	3,645	294
2009	26.87	53,773	-	579	(19,606)	33,588	26,073	8,611	2,547	37,231	7,515
2010	28.15	225,868	1,153	4,910	(26,561)	195,550	158,096	37,017	1,324	196,437	37,454
		352,303	1,153	5,640	(114,043)	233,773	186,628	47,500	8,414	242,542	47,145
2011		<u>\$ 12,632,179</u>	<u>28,170</u>	<u>41,852</u>	<u>(772)</u>	<u>12,617,725</u>	<u>12,390,845</u>	<u>56,008</u>	<u>-</u>	<u>12,446,853</u>	<u>226,880</u>
			<u>\$ 29,323</u>	<u>\$ 47,492</u>	<u>\$ (114,815)</u>	<u>\$ 12,851,498</u>	<u>\$ 12,577,473</u>	<u>\$ 103,508</u>	<u>\$ 8,414</u>	<u>\$ 12,689,395</u>	<u>\$ 274,025</u>

Note: The 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008 and 2009 mill rates shown above exclude 2.70 mills., 1.38 mills, 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, 2013

Grand List Year	Mill Rate	Uncollected Taxes/Levy July 1, 2012	Lawful Corrections		Transfers to (from) Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2013	
			Additions	Deletions			Taxes	Liens and Interest	Suspense Collection		Total
1996 and prior	36.49	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1997	35.00	1,138	-	29	(72)	1,037	-	-	289	289	1,037
1998	35.89	877	-	30	(179)	668	-	-	285	285	668
1999	37.44	217	-	31	(127)	59	-	-	102	102	59
2000	39.14	95	-	32	-	63	-	-	275	275	63
2001	36.00	523	-	29	(438)	56	-	-	438	438	56
2002	37.20	152	-	30	(64)	58	-	-	1,142	1,142	58
2003	42.22	668	-	34	(113)	521	-	-	1,634	1,634	521
2004	42.84	65,451	-	35	(62,922)	2,494	1,966	2,250	48	4,264	528
2005	30.93	33,011	-	37	(28,453)	4,521	1,412	1,432	436	3,280	3,109
2006	34.11	39,900	-	200	(34,582)	5,118	1,764	1,544	1,035	4,343	3,354
2007	34.94	58,027	-	203	(44,243)	13,581	3,165	2,416	1,640	7,221	10,416
2008	35.29	62,326	362	405	(40,772)	21,511	7,421	4,218	2,394	14,033	14,090
2009	36.68	158,888	718	514	(63,360)	95,732	61,964	20,804	3,214	85,982	33,768
2010	36.68	480,022	12,162	11,252	(102,104)	378,828	288,785	59,912	1,417	350,114	90,043
		901,295	13,242	12,861	(377,429)	524,247	366,477	92,576	14,349	473,402	157,770
2011	36.68	\$ 19,792,879	58,242	55,318	(1,844)	19,793,959	19,300,154	109,836	-	19,409,990	493,805
			\$ 71,484	\$ 68,179	\$ (379,273)	\$ 20,318,206	\$ 19,666,631	\$ 202,412	\$ 14,349	\$ 19,883,392	\$ 651,575

TOWN OF WINDHAM, CONNECTICUT

SCHEDULE OF DEBT LIMITATION  
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)  
June 30, 2013

Tax receipts for the year ended June 30, 2013:	
Tax collections (including interest and lien fees)	\$ 32,572,787
Tax relief for the elderly (CGS 12-129d)	2,000
<b>Base for debt limitation computations</b>	<b><u>\$ 32,574,787</u></b>

	General Purpose	Schools	Sewer & Water	Urban Renewal	Unfunded Pension Benefit Obligation
<b>Debt Limitation</b>					
2-1/4 times base	\$ 73,293,271	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	146,586,542	-	-	-
3-3/4 times base	-	-	122,155,451	-	-
3-1/4 times base	-	-	-	105,868,058	-
3 times base	-	-	-	-	97,724,361
<b>Total debt limitation</b>	<b>73,293,271</b>	<b>146,586,542</b>	<b>122,155,451</b>	<b>105,868,058</b>	<b>97,724,361</b>
<b>Debt as defined by statute:</b>					
Bonds and notes payable	9,635,029	5,146,388	16,268,833	-	-
Less: amount to be reimbursed by State	-	(2,458,133)	-	-	-
Add: bonds authorized and unissued	4,650,000	4,361,802	-	-	-
<b>Total indebtedness</b>	<b>14,285,029</b>	<b>7,050,057</b>	<b>16,268,833</b>	<b>-</b>	<b>-</b>
Debt Limitation in excess of indebtedness	<b><u>\$ 59,008,242</u></b>	<b><u>\$ 139,536,485</u></b>	<b><u>\$ 105,886,618</u></b>	<b><u>\$ 105,868,058</u></b>	<b><u>\$ 97,724,361</u></b>
Total capacity of borrowing (7 times base)	\$ 228,023,509				
Total present indebtedness	<u>37,603,919</u>				
Margin for additional borrowing	<b><u>\$ 190,419,590</u></b>				

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## **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).

### **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, 2013

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 387,859	\$ -	\$ 21,101	\$ 408,960
Investments	-	-	706,624	706,624
Receivables:				
Grants and contracts receivable	940,051	129,659	-	1,069,710
Accounts receivable, net	9,520	7,457	556	17,533
Notes receivable, net	283,328	-	-	283,328
Due from other funds	678,018	1,528,263	66,929	2,273,210
Inventories	15,245	-	-	15,245
<b>Total assets</b>	<b>\$ 2,314,021</b>	<b>\$ 1,665,379</b>	<b>\$ 795,210</b>	<b>\$ 4,774,610</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 150,731	\$ 50,562	\$ -	\$ 201,293
Due to other funds	817,457	295,097	13,783	1,126,337
Unearned and deferred revenue	335,546	273	-	335,819
<b>Total liabilities</b>	<b>1,303,734</b>	<b>345,932</b>	<b>13,783</b>	<b>1,663,449</b>
Fund Balances:				
Nonspendable	15,245	-	482,953	498,198
Restricted	725,078	18,860	298,474	1,042,412
Committed	269,964	1,509,257	-	1,779,221
Unassigned	-	(208,670)	-	(208,670)
<b>Total fund balances</b>	<b>1,010,287</b>	<b>1,319,447</b>	<b>781,427</b>	<b>3,111,161</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,314,021</b>	<b>\$ 1,665,379</b>	<b>\$ 795,210</b>	<b>\$ 4,774,610</b>

TOWN OF WINDHAM, CONNECTICUT

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

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Intergovernmental	\$ 4,653,355	\$ 331,835	\$ -	\$ 4,985,190
Charges for services	256,438	8,169	-	264,607
Investment earnings	13,419	5,963	(16,865)	2,517
Miscellaneous	65,992	48,338	110,972	225,302
<b>Total revenues</b>	<b>4,989,204</b>	<b>394,305</b>	<b>94,107</b>	<b>5,477,616</b>
<b>EXPENDITURES</b>				
Current:				
General government	58,258	-	-	58,258
Public safety	545,415	-	-	545,415
Public works	236,310	-	-	236,310
Civic and cultural	798,922	-	10,631	809,553
Planning and development	304,746	-	-	304,746
Education	3,687,652	-	-	3,687,652
Capital outlays	-	2,156,002	-	2,156,002
<b>Total expenditures</b>	<b>5,631,303</b>	<b>2,156,002</b>	<b>10,631</b>	<b>7,797,936</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(642,099)</b>	<b>(1,761,697)</b>	<b>83,476</b>	<b>(2,320,320)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	707,119	75,000	-	782,119
Transfers out	(54,724)	-	-	(54,724)
<b>Total other financing sources (uses)</b>	<b>652,395</b>	<b>75,000</b>	<b>-</b>	<b>727,395</b>
<b>Net change in fund balances</b>	<b>10,296</b>	<b>(1,686,697)</b>	<b>83,476</b>	<b>(1,592,925)</b>
<b>Fund balances - beginning</b>	<b>999,991</b>	<b>3,006,144</b>	<b>697,951</b>	<b>4,704,086</b>
<b>Fund balances - ending</b>	<b>\$ 1,010,287</b>	<b>\$ 1,319,447</b>	<b>\$ 781,427</b>	<b>\$ 3,111,161</b>

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TOWN OF WINDHAM, CONNECTICUT

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2013

	Cafeteria Fund	School Readiness/ Quality Enhancement Fund	Small Cities 1997 Community Redevelopment Fund	Small Cities 1994 NE Alliance Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 241,085	\$ -	\$ 18,851	\$ 121,914
Receivables:				
Grants and contracts receivable	236,531	8,605	-	-
Accounts receivable	4,684	-	-	-
Notes receivable, net	-	-	13,319	270,009
Due from other funds	-	97,143	-	-
Inventories	15,245	-	-	-
<b>Total assets</b>	<b>\$ 497,545</b>	<b>\$ 105,748</b>	<b>\$ 32,170</b>	<b>\$ 391,923</b>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,770	\$ 105,748	\$ -	\$ 2,117
Due to other funds	174,389	-	-	-
Unearned and deferred revenue	-	-	13,319	270,009
<b>Total liabilities</b>	<b>176,159</b>	<b>105,748</b>	<b>13,319</b>	<b>272,126</b>
Fund Balances (Deficit):				
Nonspendable	15,245	-	-	-
Restricted	306,141	-	18,851	119,797
Committed	-	-	-	-
<b>Total fund balances</b>	<b>321,386</b>	<b>-</b>	<b>18,851</b>	<b>119,797</b>
<b>Total liabilities and fund balances</b>	<b>\$ 497,545</b>	<b>\$ 105,748</b>	<b>\$ 32,170</b>	<b>\$ 391,923</b>

Small Cities 2013 Fund	Town Aid Road Fund	Windham / Willimantic Child Care Grant Fund	Public Library Fund	LSTA Library Fund	Town Beautification Program Fund	Recreation Revolving Fund	Police DUI Enforcement Grant Fund
\$ 2,827	\$ -	\$ -	\$ -	\$ -	\$ 3,182	\$ -	\$ -
-	-	-	-	-	-	-	37,826
-	-	-	-	-	-	-	-
-	57,879	-	8,198	291	-	172,555	-
-	-	-	-	-	-	-	-
<u>\$ 2,827</u>	<u>\$ 57,879</u>	<u>\$ -</u>	<u>\$ 8,198</u>	<u>\$ 291</u>	<u>\$ 3,182</u>	<u>\$ 172,555</u>	<u>\$ 37,826</u>
\$ -	\$ 9,169	\$ -	\$ -	\$ 291	\$ -	\$ 5,659	1,685
-	-	-	-	-	797	-	36,141
2,827	-	-	-	-	-	-	-
<u>2,827</u>	<u>9,169</u>	<u>-</u>	<u>-</u>	<u>291</u>	<u>797</u>	<u>5,659</u>	<u>37,826</u>
-	-	-	-	-	-	-	-
-	48,710	-	8,198	-	2,385	-	-
-	-	-	-	-	-	166,896	-
<u>-</u>	<u>48,710</u>	<u>-</u>	<u>8,198</u>	<u>-</u>	<u>2,385</u>	<u>166,896</u>	<u>-</u>
<u>\$ 2,827</u>	<u>\$ 57,879</u>	<u>\$ -</u>	<u>\$ 8,198</u>	<u>\$ 291</u>	<u>\$ 3,182</u>	<u>\$ 172,555</u>	<u>\$ 37,826</u>

(Continued)

TOWN OF WINDHAM, CONNECTICUT

COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS, Continued  
 June 30, 2013

	Small Cities CDBG Fund	Small Cities CDBG Fund 2012	Public Safety Donation Fund	COPS Grant Fund	Officer Incentive Forfeiture Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:					
Grants and contracts receivable	-	-	-	196,093	-
Accounts receivable	-	-	-	-	-
Notes receivable, net	-	-	-	-	-
Due from other funds	-	-	7,135	-	213,861
Inventories	-	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,135</b>	<b>\$ 196,093</b>	<b>\$ 213,861</b>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	196,093	-
Unearned and deferred revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>196,093</b>	<b>-</b>
Fund Balances (Deficit):					
Nonspendable	-	-	-	-	-
Restricted	-	-	7,135	-	213,861
Committed	-	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>7,135</b>	<b>-</b>	<b>213,861</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,135</b>	<b>\$ 196,093</b>	<b>\$ 213,861</b>

Public Transportation Fund	Town Incentive Housing Overlay Fund	JAG Local Pass Thru Summer 2012 Fund	JAG PVET Grant Fund	DERP Grant Fund	Miscellaneous Education Fund	SAFER Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	18,891	60,500	-	263,083
-	-	-	-	-	-	-
-	-	-	-	-	-	-
90,980	2,500	-	18,891	-	-	-
-	-	-	-	-	-	-
<u>\$ 90,980</u>	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ 37,782</u>	<u>\$ 60,500</u>	<u>\$ -</u>	<u>\$ 263,083</u>

\$ -	\$ 2,500	-	18,891	-	\$ -	\$ -
-	-	-	-	30,000	-	263,083
-	-	-	18,891	30,500	-	-
-	2,500	-	37,782	60,500	-	263,083

-	-	-	-	-	-	-
-	-	-	-	-	-	-
90,980	-	-	-	-	-	-
90,980	-	-	-	-	-	-

<u>\$ 90,980</u>	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ 37,782</u>	<u>\$ 60,500</u>	<u>\$ -</u>	<u>\$ 263,083</u>
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TOWN OF WINDHAM, CONNECTICUT

COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS, Continued  
 June 30, 2013

	Probate Court District Fund	Drug-Free Communities Year Fund	LEAP Grant Fund	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 387,859
Receivables:				
Grants and contracts receivable	-	118,522	-	940,051
Accounts receivable	4,836	-	-	9,520
Notes receivable, net	-	-	-	283,328
Due from other funds	8,585	-	-	678,018
Inventories	-	-	-	15,245
<b>Total assets</b>	<b>\$ 13,421</b>	<b>\$ 118,522</b>	<b>\$ -</b>	<b>\$ 2,314,021</b>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,333	\$ 1,568	\$ -	\$ 150,731
Due to other funds	-	116,954	-	817,457
Unearned and deferred revenue	-	-	-	335,546
<b>Total liabilities</b>	<b>1,333</b>	<b>118,522</b>	<b>-</b>	<b>1,303,734</b>
Fund Balances (Deficit):				
Nonspendable	-	-	-	15,245
Restricted	-	-	-	725,078
Committed	12,088	-	-	269,964
<b>Total fund balances</b>	<b>12,088</b>	<b>-</b>	<b>-</b>	<b>1,010,287</b>
<b>Total liabilities and fund balances</b>	<b>\$ 13,421</b>	<b>\$ 118,522</b>	<b>\$ -</b>	<b>\$ 2,314,021</b>

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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, 2013

	Cafeteria Fund	School Readiness/ Quality Initiative Grant Fund	Small Cities 1997 Community Redevelopment Fund	Small Cities 1994 NE Alliance Fund
<b>REVENUES</b>				
Intergovernmental	\$ 1,721,555	\$ 1,232,405	\$ -	\$ -
Charges for services	144,488	-	-	-
Investment earnings	383	-	447	11,770
Miscellaneous	-	-	3,482	57,163
<b>Total revenues</b>	<b>1,866,426</b>	<b>1,232,405</b>	<b>3,929</b>	<b>68,933</b>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Civic and cultural	-	-	-	-
Planning and development	-	-	3,886	47,260
Education	1,822,852	1,177,681	-	-
<b>Total expenditures</b>	<b>1,822,852</b>	<b>1,177,681</b>	<b>3,886</b>	<b>47,260</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>43,574</b>	<b>54,724</b>	<b>43</b>	<b>21,673</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	(54,724)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(54,724)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>43,574</b>	<b>-</b>	<b>43</b>	<b>21,673</b>
<b>Fund balances, beginning</b>	<b>277,812</b>	<b>-</b>	<b>18,808</b>	<b>98,124</b>
<b>Fund balances, ending</b>	<b>\$ 321,386</b>	<b>\$ -</b>	<b>\$ 18,851</b>	<b>\$ 119,797</b>

Small Cities 2013 Fund	Town Aid Road Fund	Windham/ Willimantic Child Care Grant Fund	Public Library Fund	LSTA Library Fund	Town Beautification Program Fund	Recreation Revolving Fund	Police DUI Enforcement Grant Fund
\$ 82,198	\$ 185,534	\$ 617,815	\$ -	\$ 2,708	\$ -	\$ -	\$ 46,437
-	-	-	-	-	-	95,529	-
-	-	-	41	-	-	-	-
-	-	-	4,842	-	-	-	-
82,198	185,534	617,815	4,883	2,708	-	95,529	46,437
-	-	-	-	-	-	-	46,437
-	-	-	-	-	-	-	-
-	236,310	-	-	-	-	-	-
-	-	617,815	4,834	2,708	2,161	86,556	-
82,198	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
82,198	236,310	617,815	4,834	2,708	2,161	86,556	46,437
-	(50,776)	-	49	-	(2,161)	8,973	-
-	-	-	-	-	-	20,000	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	20,000	-
-	(50,776)	-	49	-	(2,161)	28,973	-
-	99,486	-	8,149	-	4,546	137,923	-
\$ -	\$ 48,710	\$ -	\$ 8,198	\$ -	\$ 2,385	\$ 166,896	\$ -

(Continued)

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, 2013

	Small Cities CDBG Fund	Small Cities CDBG Fund 2012	Public Safety Donation Fund	COPS Grant Fund	Officer Incentive Forfeiture Fund
<b>REVENUES</b>					
Intergovernmental	\$ -	\$ 171,340	\$ -	\$ 196,093	\$ 7,963
Charges for services	-	-	-	-	-
Investment earnings	-	-	-	-	778
Miscellaneous	-	-	250	-	-
<b>Total revenues</b>	<b>-</b>	<b>171,340</b>	<b>250</b>	<b>196,093</b>	<b>8,741</b>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	196,093	44,608
Public works	-	-	-	-	-
Civic and cultural	-	-	-	-	-
Planning and development	37	171,365	-	-	-
Education	-	-	-	-	-
<b>Total expenditures</b>	<b>37</b>	<b>171,365</b>	<b>-</b>	<b>196,093</b>	<b>44,608</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(37)</b>	<b>(25)</b>	<b>250</b>	<b>-</b>	<b>(35,867)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
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>(37)</b>	<b>(25)</b>	<b>250</b>	<b>-</b>	<b>(35,867)</b>
<b>Fund balances, beginning</b>	<b>37</b>	<b>25</b>	<b>6,885</b>	<b>-</b>	<b>249,728</b>
<b>Fund balances, ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,135</b>	<b>\$ -</b>	<b>\$ 213,861</b>

Public Transportation Fund	Town Incentive Housing Overlay Fund	JAG Local Pass Thru Summer 2012 Fund	JAG PVET Fund	DERP Grant Fund	Miscellaneous Education Fund	SAFER Grant Fund
\$ -	\$ -	\$ 29,678	\$ 12,195	\$ -	\$ -	\$ 120,114
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	29,678	12,195	-	-	120,114
-	-	-	-	-	-	-
-	-	29,678	12,195	-	-	120,114
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	687,119	-
-	-	29,678	12,195	-	-	120,114
-	-	-	-	-	-	-
-	-	-	-	-	687,119	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
90,980	-	-	-	-	-	-
\$ 90,980	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2013

	Probate Court District Fund	Drug-Free Communities Year Fund	LEAP Grant Fund	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 142,472	\$ 84,848	\$ 4,653,355
Charges for services	16,421	-	-	256,438
Investment earnings	-	-	-	13,419
Miscellaneous	-	255	-	65,992
<b>Total revenues</b>	<b>16,421</b>	<b>142,727</b>	<b>84,848</b>	<b>4,989,204</b>
<b>EXPENDITURES</b>				
Current:				
General government	11,821	-	-	58,258
Public safety	-	142,727	-	545,415
Public works	-	-	-	236,310
Civic and cultural	-	-	84,848	798,922
Planning and development	-	-	-	304,746
Education	-	-	-	3,687,652
<b>Total expenditures</b>	<b>11,821</b>	<b>142,727</b>	<b>84,848</b>	<b>4,944,184</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>4,600</b>	<b>-</b>	<b>-</b>	<b>45,020</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	707,119
Transfers out	-	-	-	(54,724)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(34,724)</b>
<b>Net change in fund balances</b>	<b>4,600</b>	<b>-</b>	<b>-</b>	<b>10,296</b>
<b>Fund balances, beginning</b>	<b>7,488</b>	<b>-</b>	<b>-</b>	<b>999,991</b>
<b>Fund balances, ending</b>	<b>\$ 12,088</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,010,287</b>

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TOWN OF WINDHAM, CONNECTICUT

COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 June 30, 2013

	LoCIP Projects Fund	Qualified Zone Academy Bond Fund	Parking Garage Fund	Town Capital Improvements Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Grants and contracts receivable	91,061	-	-	-
Accounts receivable	-	-	-	-
Due from other funds	-	-	65,953	1,067,169
<b>Total assets</b>	<b>\$ 91,061</b>	<b>\$ -</b>	<b>\$ 65,953</b>	<b>\$ 1,067,169</b>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to other funds	91,061	-	-	-
Unearned and deferred revenue	-	-	-	-
<b>Total liabilities</b>	<b>91,061</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balances (Deficit):				
Restricted	-	-	-	-
Committed	-	-	65,953	1,067,169
Unassigned	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>-</b>	<b>-</b>	<b>65,953</b>	<b>1,067,169</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 91,061</b>	<b>\$ -</b>	<b>\$ 65,953</b>	<b>\$ 1,067,169</b>

WSD Capital Improvements Fund	Airline & Hop River Trail Extension Fund	Town Garage Fund	Municipal Energy Efficiency Grant Fund	Natchaug School Roof Fund	Roads & Sidewalk Bonds	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	17,505	-	2,910	18,183	-	129,659
-	7,457	-	-	-	-	7,457
376,135	-	19,006	-	-	-	1,528,263
<u>\$ 376,135</u>	<u>\$ 24,962</u>	<u>\$ 19,006</u>	<u>\$ 2,910</u>	<u>\$ 18,183</u>	<u>\$ -</u>	<u>\$ 1,665,379</u>
\$ -	\$ 21,881	\$ 146	\$ -	\$ 18,020	\$ 10,515	\$ 50,562
-	2,808	-	2,910	163	198,155	295,097
-	273	-	-	-	-	273
-	24,962	146	2,910	18,183	208,670	345,932
-	-	18,860	-	-	-	18,860
376,135	-	-	-	-	-	1,509,257
-	-	-	-	-	(208,670)	(208,670)
<u>376,135</u>	<u>-</u>	<u>18,860</u>	<u>-</u>	<u>-</u>	<u>(208,670)</u>	<u>1,319,447</u>
<u>\$ 376,135</u>	<u>\$ 24,962</u>	<u>\$ 19,006</u>	<u>\$ 2,910</u>	<u>\$ 18,183</u>	<u>\$ -</u>	<u>\$ 1,665,379</u>

TOWN OF WINDHAM, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 For the Year Ended June 30, 2013

	LoCIP Projects Fund	Qualified Zone Academy Bond Fund	Road Bond Fund	Energy Performance Fund
<b>REVENUES</b>				
Intergovernmental	\$ 300,146	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Investment earnings	-	17	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>300,146</b>	<b>17</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES</b>				
Capital outlay	300,146	11,603	-	-
<b>Total expenditures</b>	<b>300,146</b>	<b>11,603</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>(11,586)</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(11,586)</b>	<b>-</b>	<b>-</b>
<b>Fund balances (deficit), beginning</b>	<b>-</b>	<b>11,586</b>	<b>-</b>	<b>-</b>
<b>Fund balances (deficit), ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Parking Garage Fund	Town Capital Improvements Fund	WSD Capital Improvements Fund	Airline & Hop River Trail Extension Fund	Town Garage Fund	Municipal Energy Efficiency Grant Fund	Natchaug School Roof Fund	Roads & Sidewalk Bonds	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ -	\$ 17,506	\$ -	\$ -	\$ 14,183	\$ -	\$ 331,835
-	8,169	-	-	-	-	-	-	8,169
-	4,421	1,388	-	137	-	-	-	5,963
3,237	-	-	4,376	11,725	-	4,000	25,000	48,338
3,237	12,590	1,388	21,882	11,862	-	18,183	25,000	394,305
39,650	479,426	94,701	21,882	36,135	-	18,183	1,154,276	2,156,002
39,650	479,426	94,701	21,882	36,135	-	18,183	1,154,276	2,156,002
(36,413)	(466,836)	(93,313)	-	(24,273)	-	-	(1,129,276)	(1,761,697)
-	75,000	-	-	-	-	-	-	75,000
-	-	-	-	-	-	-	-	-
-	75,000	-	-	-	-	-	-	75,000
(36,413)	(391,836)	(93,313)	-	(24,273)	-	-	(1,129,276)	(1,686,697)
102,366	1,459,005	469,448	-	43,133	-	-	920,606	3,006,144
\$ 65,953	\$ 1,067,169	\$ 376,135	\$ -	\$ 18,860	\$ -	\$ -	\$ (208,670)	\$ 1,319,447

TOWN OF WINDHAM, CONNECTICUT

COMBINING BALANCE SHEET  
NONMAJOR PERMANENT FUNDS  
June 30, 2013

	Cemetery Trust Fund	William A. & Jennie S. King Trust	Total Nonmajor Permanent Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,711	\$ 10,390	\$ 21,101
Investments	363,340	343,284	706,624
Receivables:			
Accounts receivable	556	-	556
Due from other funds	66,929	-	66,929
<b>Total assets</b>	<b>\$ 441,536</b>	<b>\$ 353,674</b>	<b>\$ 795,210</b>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	13,783	13,783
<b>Total liabilities</b>	<b>-</b>	<b>13,783</b>	<b>13,783</b>
Fund Balances (Deficit):			
Nonspendable	362,057	120,896	482,953
Restricted	79,479	218,995	298,474
<b>Total fund balances</b>	<b>441,536</b>	<b>339,891</b>	<b>781,427</b>
<b>Total liabilities and fund balances</b>	<b>\$ 441,536</b>	<b>\$ 353,674</b>	<b>\$ 795,210</b>

TOWN OF WINDHAM, CONNECTICUT

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

	Cemetery Trust Fund	William A. & Jennie S. King Trust	Total Nonmajor Permanent Funds
<b>REVENUES</b>			
Investment earnings	\$ (39,156)	\$ 22,291	\$ (16,865)
Miscellaneous	107,368	3,604	110,972
<b>Total revenues</b>	<b>68,212</b>	<b>25,895</b>	<b>94,107</b>
<b>EXPENDITURES</b>			
Current:			
Public works	-	-	-
Civic and cultural	-	10,631	10,631
<b>Total expenditures</b>	<b>-</b>	<b>10,631</b>	<b>10,631</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>68,212</b>	<b>15,264</b>	<b>83,476</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>68,212</b>	<b>15,264</b>	<b>83,476</b>
<b>Fund balances, beginning</b>	<b>373,324</b>	<b>324,627</b>	<b>697,951</b>
<b>Fund balances, ending</b>	<b>\$ 441,536</b>	<b>\$ 339,891</b>	<b>\$ 781,427</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, 2013

	Firemen's Pension	Policemen's Pension	Municipal Employees' Pension	Board of Education Employees' Pension	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 394,893	\$ 526,573	\$ -	\$ -	\$ 921,466
Investments:					
Debt securities	1,314,198	2,502,613	-	-	3,816,811
Corporate bonds	842,100	1,468,409	-	-	2,310,509
Group annuity contracts	-	-	4,911,748	7,817,786	12,729,534
Collective trusts	-	-	6,002,547	-	6,002,547
Equity securities	5,844,617	9,669,796	-	-	15,514,413
Receivables	539,934	877,246	496,485	-	1,913,665
<b>Total assets</b>	<b>8,935,742</b>	<b>15,044,637</b>	<b>11,410,780</b>	<b>7,817,786</b>	<b>43,208,945</b>
<b>LIABILITIES</b>					
Due to other funds	470,759	558,664	-	-	1,029,423
<b>Total liabilities</b>	<b>470,759</b>	<b>558,664</b>	<b>-</b>	<b>-</b>	<b>1,029,423</b>
<b>Net Position</b>					
Held in trust for pension benefits	\$ 8,464,983	\$ 14,485,973	\$ 11,410,780	\$ 7,817,786	\$ 42,179,522

TOWN OF WINDHAM, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
PENSION TRUST FUNDS

For the Year ended June 30, 2013

	Firemen's Pension	Policemen's Pension	Municipal Employees' Pension	Board of Education Employees' Pension	Total
<b>ADDITIONS</b>					
Contributions:					
Employer	\$ 526,194	\$ 777,583	\$ 496,485	\$ 337,885	\$ 2,138,147
Plan members	129,078	206,876	78,835	-	414,789
Other	985	57	-	-	1,042
<b>Total contributions</b>	<b>656,257</b>	<b>984,516</b>	<b>575,320</b>	<b>337,885</b>	<b>2,553,978</b>
Investment earnings:					
Interest and dividends	200,215	339,767	-	370,134	910,116
Net appreciation in the fair value of investments	563,161	1,056,173	919,966	-	2,539,300
<b>Total additions</b>	<b>1,419,633</b>	<b>2,380,456</b>	<b>1,495,286</b>	<b>708,019</b>	<b>6,003,394</b>
<b>DEDUCTIONS</b>					
Benefit payments	629,714	640,363	28,155	349,675	1,647,907
Administrative and other expenses	-	2,691	-	78,797	81,488
<b>Total deductions</b>	<b>629,714</b>	<b>643,054</b>	<b>28,155</b>	<b>428,472</b>	<b>1,729,395</b>
<b>Change in net position</b>	<b>789,919</b>	<b>1,737,402</b>	<b>1,467,131</b>	<b>279,547</b>	<b>4,273,999</b>
Net Position Held in Trust for Pension Benefits:					
Beginning of year	7,675,064	12,748,571	9,943,649	7,538,239	37,905,523
End of year	\$ 8,464,983	\$ 14,485,973	\$ 11,410,780	\$ 7,817,786	\$ 42,179,522

TOWN OF WINDHAM, CONNECTICUT

COMBINING STATEMENT OF FIDUCIARY NET POSITION -  
PRIVATE PURPOSE TRUST FUNDS  
June 30, 2013

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	Scholarship Trust Fund	Walter Fahey Trust Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 84,290	\$ 1,071	\$ 85,361
Investments:			
Mutual funds	-	20,054	20,054
Equity securities	-	73,280	73,280
Other	-	29,863	29,863
<b>Total assets</b>	<u>84,290</u>	<u>124,268</u>	<u>208,558</u>
<b>LIABILITIES</b>			
Due to other funds	<u>17,484</u>	<u>6,668</u>	<u>24,152</u>
<b>Net Position</b>			
Held in trust for other purposes	<u>\$ 66,806</u>	<u>\$ 117,600</u>	<u>\$ 184,406</u>

TOWN OF WINDHAM, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
PRIVATE PURPOSE TRUST FUNDS  
For the Year Ended June 30, 2013

	Scholarship Trust Fund	Walter Fahey Trust Fund	Total
<b>ADDITIONS</b>			
Private donations	\$ 500	\$ -	\$ 500
Investment earnings:			
Interest and dividends	11	3,298	3,309
Net appreciation in the fair value of investments	-	7,284	7,284
<b>Total additions</b>	<b>511</b>	<b>10,582</b>	<b>11,093</b>
<b>DEDUCTIONS</b>			
Benefit payments	3,665	-	3,665
Administrative and other expenses	-	3,057	3,057
<b>Total deductions</b>	<b>3,665</b>	<b>3,057</b>	<b>6,722</b>
<b>Net change in net position</b>	<b>(3,154)</b>	<b>7,525</b>	<b>4,371</b>
<b>Net Position Held in Trust</b>			
Beginning of year	69,960	110,075	180,035
End of year	\$ 66,806	\$ 117,600	\$ 184,406

TOWN OF WINDHAM, CONNECTICUT

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS

June 30, 2013

	Sunshine Fund	Mid- Northeast Recycling Fund	Student Activity Funds	Athletic Association Fund	Total Agency Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ 90,440	\$ 1,944	\$ 92,384
Investments:					
Certificates of deposit	-		191,038	-	191,038
Other receivables	-	6,684	-	-	6,684
Due from other funds	2,238		-	-	2,238
<b>Total assets</b>	<b>\$ 2,238</b>	<b>\$ 6,684</b>	<b>\$ 281,478</b>	<b>\$ 1,944</b>	<b>\$ 292,344</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 1,642	\$ -	\$ -	\$ 1,642
Due to others	2,238	-	281,478	1,944	285,660
Due to other funds	-	5,042	-	-	5,042
<b>Total liabilities</b>	<b>\$ 2,238</b>	<b>\$ 6,684</b>	<b>\$ 281,478</b>	<b>\$ 1,944</b>	<b>\$ 292,344</b>

TOWN OF WINDHAM, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -  
AGENCY FUNDS

For the Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<b>SUNSHINE FUND</b>				
<b>Assets</b>				
Due from other funds	\$ 2,640	\$ 23	\$ 425	\$ 2,238
<b>Liabilities</b>				
Due to others	\$ 2,640	\$ 23	\$ 425	\$ 2,238
<b>MID-NORTHEAST RECYCLING FUND</b>				
<b>Assets</b>				
Other receivables	\$ 4,497	\$ 20,395	\$ 18,208	\$ 6,684
<b>Liabilities</b>				
Accounts payable	\$ 2,550	\$ 1,643	\$ 2,550	\$ 1,643
Due to other funds	1,947	22,169	19,075	5,041
<b>Total liabilities</b>	<b>\$ 4,497</b>	<b>\$ 23,812</b>	<b>\$ 21,625</b>	<b>\$ 6,684</b>
<b>STUDENT ACTIVITY FUNDS</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 99,161	\$ 274,507	\$ 283,228	\$ 90,440
Investments	188,850	4,985	2,797	191,038
<b>Total assets</b>	<b>\$ 288,011</b>	<b>\$ 279,492</b>	<b>\$ 286,025</b>	<b>\$ 281,478</b>
<b>Liabilities</b>				
Due to others	\$ 288,011	\$ 279,492	\$ 286,025	\$ 281,478
<b>ATHLETIC ASSOCIATION FUND</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 3,731	\$ 22,883	\$ 24,670	\$ 1,944
<b>Liabilities</b>				
Due to others	\$ 3,731	\$ 22,883	\$ 24,670	\$ 1,944
<b>TOTALS</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 102,892	\$ 297,390	\$ 307,898	\$ 92,384
Investments	188,850	4,985	2,797	191,038
Other receivables	4,497	20,395	18,208	6,684
Due from other funds	2,640	23	425	2,238
<b>Total assets</b>	<b>\$ 298,879</b>	<b>\$ 322,793</b>	<b>\$ 329,328</b>	<b>\$ 292,344</b>
<b>Liabilities</b>				
Accounts payable	\$ 2,550	\$ 1,643	\$ 2,550	\$ 1,643
Due to others	294,382	302,398	311,120	285,660
Due to other funds	1,947	22,169	19,075	5,041
<b>Total liabilities</b>	<b>\$ 298,879</b>	<b>\$ 326,210</b>	<b>\$ 332,745</b>	<b>\$ 292,344</b>

**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.

## NET POSITION BY COMPONENT

Last Ten Fiscal Years

(In Thousands)

(Unaudited)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006*	2005	2004
Government activities										
Net Investment in capital assets	\$ 41,964	\$ 34,029	\$ 16,234	\$ 21,861	\$ 19,451	\$ 16,621	\$ 16,824	\$ 12,762	\$ 6,631	\$ 4,495
Restricted	1,652	2,485	5,064	851	1,080	2,684	6,920	3,444	303	295
Unrestricted	18,478	6,768	9,352	7,469	8,131	10,402	6,040	14,706	13,326	15,832
<b>Total governmental activities net assets</b>	<b>62,094</b>	<b>43,282</b>	<b>30,650</b>	<b>30,181</b>	<b>28,662</b>	<b>29,707</b>	<b>29,784</b>	<b>30,912</b>	<b>20,260</b>	<b>20,622</b>
Business-type activities										
Net Investment in capital assets	19,747	19,796	18,267	17,258	15,393	12,461	12,409	11,727	12,321	12,412
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	14,851	15,784	14,453	13,502	11,988	11,535	9,893	8,571	6,220	4,823
<b>Total business-type activities net assets</b>	<b>34,598</b>	<b>35,580</b>	<b>32,720</b>	<b>30,760</b>	<b>27,381</b>	<b>23,996</b>	<b>22,302</b>	<b>20,298</b>	<b>18,541</b>	<b>17,235</b>
Primary Government										
Net Investment in capital assets	61,711	53,825	34,501	39,119	34,844	29,082	29,233	24,489	18,952	16,907
Restricted	1,652	2,485	5,064	851	1,080	2,684	6,920	3,444	303	295
Unrestricted	33,329	22,552	23,805	20,971	20,119	21,937	15,933	23,277	19,546	20,655
<b>Total primary government net assets</b>	<b>\$ 96,692</b>	<b>\$ 78,862</b>	<b>\$ 63,370</b>	<b>\$ 60,941</b>	<b>\$ 56,043</b>	<b>\$ 53,703</b>	<b>\$ 52,086</b>	<b>\$ 51,210</b>	<b>\$ 38,801</b>	<b>\$ 37,857</b>

\*Restated - retroactive reporting of infrastructure

Notes: Schedule prepared on the accrual basis of accounting

CHANGE IN NET POSITION  
Last Ten Fiscal Years  
(In Thousands)  
(Unaudited)

	Fiscal Year					Fiscal Year				
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses</b>										
Governmental activities:										
General government	\$ 3,014	\$ 2,762	\$ 2,925	\$ 2,974	\$ 3,554	\$ 3,368	\$ 3,659	\$ 3,046	\$ 2,945	\$ 2,375
Public safety	11,622	10,678	10,482	10,828	13,462	10,463	9,464	8,645	8,172	7,297
Public works	5,688	5,188	6,624	5,326	6,648	5,141	5,421	4,422	4,150	4,112
Human services	645	669	759	636	824	822	584	605	628	718
Civic and culture	2,065	2,330	2,319	2,052	2,599	1,638	1,896	1,960	1,967	1,379
Education	63,776	64,575	61,697	58,709	56,077	70,635	54,826	52,900	51,197	47,558
Planning and development	777	851	570	840	598	367	666	826	736	906
Interest on long-term debt	1,520	839	511	841	935	1,036	1,155	1,068	1,110	1,173
<b>Total governmental activities expense</b>	<b>89,107</b>	<b>87,892</b>	<b>85,887</b>	<b>82,206</b>	<b>84,697</b>	<b>93,470</b>	<b>77,671</b>	<b>73,472</b>	<b>70,905</b>	<b>65,518</b>
Business-type activities:										
Water	2,387	2,144	2,215	2,212	2,120	2,076	2,054	2,152	1,994	2,138
Sewer	3,382	2,329	2,122	2,137	2,340	2,130	2,149	2,665	2,278	1,973
Interest on long-term debt	-	-	-	130	176	-	-	-	-	-
<b>Total business-type activities expense</b>	<b>5,769</b>	<b>4,473</b>	<b>4,337</b>	<b>4,479</b>	<b>4,636</b>	<b>4,206</b>	<b>4,203</b>	<b>4,817</b>	<b>4,272</b>	<b>4,111</b>
<b>Total primary government expenses</b>	<b>94,876</b>	<b>92,365</b>	<b>90,224</b>	<b>86,685</b>	<b>89,333</b>	<b>97,676</b>	<b>81,874</b>	<b>78,289</b>	<b>75,177</b>	<b>69,629</b>
<b>Program Revenues</b>										
Governmental activities										
Charges for services:										
General government	806	838	910	1,047	1,083	1,127	1,530	1,631	1,528	942
Public safety	1,515	1,359	1,473	1,160	1,245	1,283	1,159	963	779	691
Public works	441	655	435	275	202	243	273	397	376	337
Human services	1	90	-	1	-	-	-	-	3	5
Civic and culture	209	32	110	104	130	87	81	144	145	135
Education	833	1,203	2,167	2,530	2,763	3,001	2,503	2,667	1,657	1,793
Planning and development	33	35	81	93	54	177	47	134	160	118
Operating grants and contributions	45,847	46,339	43,129	41,865	40,884	52,736	37,689	37,629	37,008	36,609
Capital grants and contributions	18,743	12,456	2,474	2,516	2,065	714	1,444	870	1,173	228
<b>Total governmental activities program revenues</b>	<b>\$ 68,428</b>	<b>\$ 63,007</b>	<b>\$ 50,779</b>	<b>\$ 49,591</b>	<b>\$ 48,426</b>	<b>\$ 59,368</b>	<b>\$ 44,726</b>	<b>\$ 44,435</b>	<b>\$ 42,829</b>	<b>\$ 40,858</b>

## CHANGE IN NET POSITION, CONTINUED

Last Ten Fiscal Years

(In Thousands)

(Unaudited)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Governmental activities</b>										
Charges for services:										
Water	\$ 2,387	\$ 2,834	\$ 2,795	\$ 2,763	\$ 3,118	\$ 2,695	\$ 2,787	\$ 2,639	\$ 2,401	\$ 2,154
Sewer	3,382	3,612	2,978	2,838	2,902	2,570	2,818	2,700	2,698	2,447
<b>Total business-type activities program revenues</b>	<b>5,769</b>	<b>6,446</b>	<b>5,773</b>	<b>5,601</b>	<b>6,020</b>	<b>5,265</b>	<b>5,605</b>	<b>5,339</b>	<b>5,099</b>	<b>4,601</b>
<b>Total primary government program revenues</b>	<b>74,197</b>	<b>69,453</b>	<b>56,552</b>	<b>55,192</b>	<b>54,446</b>	<b>64,633</b>	<b>50,331</b>	<b>49,774</b>	<b>47,928</b>	<b>45,459</b>
Net (expense)/revenue										
Governmental activities	(20,679)	(24,885)	(35,108)	(32,615)	(36,271)	(34,102)	(32,945)	(29,037)	(28,076)	(24,660)
Business-type activities	(1,341)	1,972	1,435	1,122	1,384	1,059	1,402	522	827	490
<b>Total primary government net expense</b>	<b>(22,020)</b>	<b>(22,913)</b>	<b>(33,673)</b>	<b>(31,493)</b>	<b>(34,887)</b>	<b>(33,043)</b>	<b>(31,543)</b>	<b>(28,515)</b>	<b>(27,249)</b>	<b>(24,170)</b>
General revenues and other changes in net expenses										
Governmental activities:										
Property taxes	32,429	31,423	30,054	28,538	28,541	27,866	25,281	24,796	23,245	20,946
Unrestricted grants and contributions	6,837	6,024	5,163	5,380	6,707	5,996	6,059	6,852	3,626	3,491
Investment earnings(losses)	41	70	176	214	(21)	577	683	521	301	242
Miscellaneous	-	-	-	-	-	-	-	-	55	152
Special items:										
Recognition of Anthem demutualization settlement	-	-	-	-	-	-	-	-	(487)	-
Legal settlement	-	-	-	-	-	-	-	-	1,200	-
Transfers and other	184	184	184	-	-	-	-	-	(226)	-
<b>Total governmental activities</b>	<b>39,491</b>	<b>37,701</b>	<b>35,577</b>	<b>34,132</b>	<b>35,227</b>	<b>34,439</b>	<b>32,023</b>	<b>32,169</b>	<b>27,714</b>	<b>24,831</b>
Business-type activities:										
Investment earnings	479	(532)	122	785	607	392	308	154	99	110
Unrestricted grants and contributions	63	1,604	587	1,473	1,394	242	294	297	155	-
Transfers and other	(184)	(184)	(184)	-	-	-	-	-	226	84
<b>Total business-type activities</b>	<b>358</b>	<b>888</b>	<b>525</b>	<b>2,258</b>	<b>2,001</b>	<b>634</b>	<b>602</b>	<b>451</b>	<b>480</b>	<b>194</b>
<b>Total primary government</b>	<b>39,849</b>	<b>38,589</b>	<b>36,102</b>	<b>36,390</b>	<b>37,228</b>	<b>35,073</b>	<b>32,625</b>	<b>32,620</b>	<b>28,194</b>	<b>25,025</b>
Changes in net position										
Governmental activities	18,812	12,816	469	1,517	(1,044)	337	(922)	3,132	(362)	171
Business-type activities	(983)	2,860	1,960	3,380	3,385	1,693	2,004	973	1,307	684
<b>Total primary government</b>	<b>\$ 17,829</b>	<b>\$ 15,676</b>	<b>\$ 2,429</b>	<b>\$ 4,897</b>	<b>\$ 2,341</b>	<b>\$ 2,030</b>	<b>\$ 1,082</b>	<b>\$ 4,105</b>	<b>\$ 945</b>	<b>\$ 855</b>

Note: Schedule prepared on the accrual basis of accounting.

FUND BALANCES OF GOVERNMENTAL FUNDS  
Last Ten Fiscal Years  
(In Thousands)  
(Unaudited)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General fund										
Nonspendable	\$ 112	\$ 109	\$ 107	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	520	453	374	-	-	-	-	-	-	-
Committed	142	822	62	-	-	-	-	-	-	-
Assigned	542	613	507	-	-	-	-	-	-	-
Unassigned	10,109	8,461	8,332	-	-	-	-	-	-	-
Reserved	-	-	-	400	365	1,138	400	304	395	613
Unreserved	-	-	-	7,279	5,946	5,554	6,420	7,148	8,379	8,271
<b>Total general fund</b>	<b>\$ 11,425</b>	<b>\$ 10,458</b>	<b>\$ 9,382</b>	<b>\$ 7,679</b>	<b>\$ 6,311</b>	<b>\$ 6,692</b>	<b>\$ 6,820</b>	<b>\$ 7,452</b>	<b>\$ 8,774</b>	<b>\$ 8,884</b>
All other governmental funds										
Nonspendable	\$ 498	\$ 499	\$ 549	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	522	1,424	455	-	-	-	-	-	-	-
Committed	2,299	3,711	5,863	-	-	-	-	-	-	-
Assigned	(6,805)	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Reserved	(209)	-	-	683	638	1,792	347	470	466	512
Unreserved	-	-	-	-	-	-	4,696	3,130	-	-
Unreserved, reported in:										
Debt service funds	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	2,720	2,762	2,402	3,313	2,454	2,869	3,066
Capital project funds	-	-	-	185	459	892	1,416	12	449	78
Permanent fund	-	-	-	-	-	-	232	194	182	174
<b>Total all other governmental funds</b>	<b>\$ (3,695)</b>	<b>\$ 5,634</b>	<b>\$ 6,867</b>	<b>\$ 3,588</b>	<b>\$ 3,859</b>	<b>\$ 5,086</b>	<b>\$ 10,004</b>	<b>\$ 6,260</b>	<b>\$ 3,966</b>	<b>\$ 3,830</b>

Note: Schedule prepared on the modified accrual basis of accounting

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(In Thousands)

(Unaudited)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues:</b>										
Property taxes	\$ 32,599	\$ 31,384	\$ 30,053	\$ 28,708	\$ 28,549	\$ 27,527	\$ 25,230	\$ 24,981	\$ 23,312	\$ 20,886
Assessments	-	-	-	-	-	-	4	7	11	11
Intergovernmental	65,960	65,455	51,611	50,125	49,643	59,973	45,881	45,647	41,629	38,881
Charges for services	2,557	2,781	3,033	1,683	3,180	3,374	3,068	2,817	2,390	2,298
Food sales	-	-	-	-	-	-	394	401	368	402
Licenses and permits	291	346	330	23	157	162	166	292	329	307
Fines, forfeitures, and penalties	15	21	37	1,533	29	28	36	48	41	22
Investment income(losses)	41	70	176	214	(21)	577	683	521	299	242
Miscellaneous	976	1,147	1,609	2,295	3,037	2,721	2,189	2,705	2,697	3,630
<b>Total revenues</b>	<b>102,439</b>	<b>101,204</b>	<b>86,849</b>	<b>84,581</b>	<b>84,574</b>	<b>94,362</b>	<b>77,651</b>	<b>77,419</b>	<b>71,076</b>	<b>66,679</b>
<b>Expenditures:</b>										
General government	2,536	2,349	2,430	3,081	3,006	3,094	3,435	6,948	2,659	2,176
Public safety	2,242	2,159	1,940	2,467	1,999	1,901	1,752	1,382	919	799
Public works	4,282	4,132	4,065	4,235	4,729	4,295	4,276	4,289	3,792	3,715
Human services	545	545	540	557	624	775	512	511	540	632
Civic and cultural	1,917	2,019	2,026	1,791	2,070	1,464	1,842	1,833	1,821	1,280
Planning and development	722	760	477	752	458	322	636	787	747	900
Employee benefits	-	-	-	-	-	-	469	569	600	656
Education	63,580	62,612	59,625	57,330	54,258	74,329	53,687	52,214	49,235	47,822
Police	5,671	5,714	5,114	5,062	5,313	5,132	4,796	4,468	4,112	3,910
Fire	2,459	2,206	2,279	2,396	2,969	2,489	2,364	2,119	2,356	2,143
Miscellaneous	576	1,079	1,210	1,227	5,263	1,176	655	662	1,039	496
Debt service:										
Principal	2,205	2,064	2,191	2,086	2,092	2,102	2,113	1,971	2,103	2,275
Interest and other charges	1,374	745	641	857	956	1,057	1,158	1,094	1,182	1,151
Debt issuance costs	-	-	120	-	-	-	-	-	-	-
Capital outlay	22,876	15,161	3,517	1,759	2,513	880	2,276	1,060	850	2,477
<b>Total expenditures</b>	<b>110,985</b>	<b>101,545</b>	<b>86,175</b>	<b>83,600</b>	<b>86,250</b>	<b>99,016</b>	<b>79,971</b>	<b>79,907</b>	<b>71,955</b>	<b>70,432</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(8,546)</b>	<b>(341)</b>	<b>674</b>	<b>981</b>	<b>(1,676)</b>	<b>(4,654)</b>	<b>(2,320)</b>	<b>(2,488)</b>	<b>(879)</b>	<b>(3,753)</b>
<b>Other Financing Sources (Uses)</b>										
Transfers in	1,021	1,247	1,414	576	871	525	869	570	346	148
Transfers out	(837)	(1,063)	(1,230)	(576)	(871)	(525)	(869)	(570)	(572)	(148)
Proceeds from capital leases	-	-	-	117	295	-	4,932	260	-	19
Proceeds from issuance of refunding bonds	-	-	5,260	-	-	-	-	-	-	14,425
Restated recording of bond refunding	-	-	(3,703)	-	-	-	-	-	-	-
Premium from issuance of refunding bonds	-	-	153	-	-	-	-	-	-	1,412
Payment to refunded bonds escrow agent	-	-	(1,646)	-	-	-	-	-	-	(15,952)
Proceeds from issuance of long-term bonds	-	-	4,000	-	-	-	500	3,200	-	500
Premium from issuance of long-term bonds	-	-	60	-	-	-	-	-	-	-
Restated General Fund Balance	-	-	-	-	-	(413)	(206)	-	-	162
<b>Total other financing sources (uses)</b>	<b>\$ 184</b>	<b>\$ 184</b>	<b>\$ 4,308</b>	<b>\$ 117</b>	<b>\$ 295</b>	<b>\$ (413)</b>	<b>\$ 5,226</b>	<b>\$ 3,460</b>	<b>\$ (226)</b>	<b>\$ 566</b>
<b>Net change in fund balances</b>	<b>(8,362)</b>	<b>(157)</b>	<b>4,982</b>	<b>1,098</b>	<b>(1,381)</b>	<b>(5,067)</b>	<b>2,906</b>	<b>972</b>	<b>(1,105)</b>	<b>(3,187)</b>
<b>Fund Balances, beginning of year</b>	<b>16,093</b>	<b>16,250</b>	<b>11,268</b>	<b>10,170</b>	<b>11,551</b>	<b>16,618</b>	<b>13,712</b>	<b>12,740</b>	<b>13,845</b>	<b>17,032</b>
<b>Fund Balances, end of year</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>16,618</b>	<b>13,712</b>	<b>12,740</b>	<b>13,845</b>
Debt Service as a Percentage of										
Noncapital Expenditures	4.06%	3.25%	3.57%	3.60%	3.64%	3.22%	4.21%	3.89%	4.62%	5.04%

Note: Schedule prepared on the modified accrual basis of accounting

TOWN OF WINDHAM, CONNECTICUT  
 ASSESSED VALUE AND ESTIMATED ACTUAL 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
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	66,962	91,439	1,397,800	484,107	913,694		1,305,277	70.00%
2007	2005	1,220,369	60,140	90,338	1,370,847	470,731	900,116		1,285,880	70.00%
2006	2004	839,014	57,461	84,385	980,860	321,600	659,259		941,799	70.00%
2005	2003	806,847	58,173	80,676	945,696	296,574	649,122		927,317	70.00%
2004	2002	798,154	59,984	83,932	942,070	298,404	643,666		919,523	70.00%

Source: Town of Windham, Office of Tax Assessor

Notes:

- (1) 2005 real property grand list is adjusted to reflect statutory revaluation
- (2) Assessed Value is 70% of Estimated Actual Value

TOWN OF WINDHAM, CONNECTICUT  
PRINCIPAL TAXPAYERS  
 Current Year and Nine Years Ago

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Connecticut Light & Power	\$18,629	1	1.94%	\$10,211	1	1.58%
Yankee Gas	\$8,584	2	0.89%	\$3,932	7	0.61%
Vesta Windham LLC	\$8,156	3	0.85%			0.00%
United Abrasives Inc.	\$7,801	4	0.81%	\$6,171	3	0.95%
Walmart Stores Inc.	\$7,556	5	0.79%	\$6,438	2	0.99%
General Cable Industries Inc	\$7,332	6	0.76%	\$5,797	4	0.90%
MHC Stonegate Manor LLC	\$6,136	7	0.64%	\$3,717	9	0.57%
Generations Willimantic LLC	\$5,748	8	0.60%			0.00%
Home Depot USA	\$5,657	9	0.59%			0.00%
Colonial BT LLC	\$5,103	10	0.53%	\$3,716	10	0.57%
	<u>\$ 80,702</u>		<u>8.39%</u>	<u>\$ 39,982</u>		<u>6.18%</u>

Source: Town of Windham, Office of Tax Assessor

TOWN OF WINDHAM, CONNECTICUT  
PROPERTY TAX LEVIES & 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*										
2013	2011	439,465	28.63	12,632	12,618	12,359	97.9%	N/A	12,360	98.0%
2012	2010	435,992	28.15	12,298	12,290	12,064	98.2%	158	12,222	99.4%
2011	2009	430,855	26.87	11,520	11,588	11,429	98.6%	145	11,574	99.9%
2010	2008	432,457	25.29	10,954	10,924	10,788	98.8%	123	10,911	99.9%
2009	2007	430,830	24.94	10,790	10,770	10,583	98.3%	160	10,743	99.7%
2008	2006	421,895	24.93	10,571	10,569	10,399	98.4%	145	10,544	99.8%
2007	2005	414,221	23.95	9,959	10,002	9,827	98.3%	146	9,973	99.7%
2006	2004	310,303	27.87	8,713	8,674	8,492	97.9%	155	8,647	99.7%
2005	2003	302,923	27.84	8,510	8,502	8,359	98.3%	118	8,477	99.7%
2004	2002	297,666	25.46	7,650	7,669	7,530	98.2%	117	7,549	98.4%
District 2										
2013	2011	507,970	38.67	19,793	19,794	19,300	97.5%	N/A	19,300	97.5%
2012	2010	499,170	36.68	19,031	19,019	18,537	97.5%	289	18,826	99.0%
2011	2009	494,960	36.68	18,118	18,187	17,733	97.5%	343	18,076	99.4%
2010	2008	492,605	35.29	17,472	17,441	17,109	98.1%	261	17,370	99.6%
2009	2007	494,689	34.94	17,401	17,369	16,969	97.7%	297	17,266	99.4%
2008	2006	491,799	34.11	16,889	16,838	16,259	96.6%	488	16,747	99.5%
2007	2005	485,895	30.93	15,136	15,160	14,667	96.7%	416	15,083	99.5%
2006	2004	348,956	42.84	15,169	15,190	14,728	97.0%	363	15,091	99.3%
2005	2003	346,199	42.22	14,679	14,650	14,174	96.8%	373	14,547	99.3%
2004	2002	346,000	37.20	13,025	13,012	12,521	96.2%	382	12,650	97.2%

Source: Town of Windham Tax Collector's Office

\*NOTE: The 2004, 2005, 2006, 2007, 2008, 2009, 2010 and 2011 mill rates shown above exclude 1.62 mills, 1.625 mills, 1.56 mills, 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.

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				
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%
2008	21,119	4,955	3,022	84	29,180	3.19%	1,276.63	3.28%
2007	23,221	5,047	3,352	102	31,722	3.52%	1,387.85	3.57%
2006	24,763	-	3,681	120	28,564	4.33%	1,249.68	3.21%
2005	23,569	-	2,733	138	26,440	4.07%	1,156.76	2.97%
2004	25,591	-	3,004	156	28,751	4.47%	1,257.86	3.23%

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.



TOWN OF WINDHAM, CONNECTICUT  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS  
*(thousands)*  
 (Unaudted)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Debt Limit</b>	\$227,803	\$219,736	\$208,831	\$200,995	\$200,082	\$292,963	\$181,994	\$178,147	\$166,433	\$150,379
<b>Total net debt applicable to limit</b>	45,760	40,967	44,177	47,593	42,796	19,318	31,225	30,023	17,072	19,469
<b>Legal Debt Margin</b>	\$182,043	\$178,768	\$164,654	\$153,402	\$157,286	\$273,645	\$150,769	\$148,124	\$149,361	\$130,910
<b>Total net debt applicable to the limit as percentage of debt limit</b>	20.09%	18.64%	21.15%	23.68%	21.39%	6.59%	17.16%	16.85%	10.26%	12.95%

Source: Comprehensive annual financial report - Statement of Debt Limitation

Note: See Table 9 for calculation of current year debt limitation

TOWN OF WINDHAM, CONNECTICUT  
STATEMENT OF DIRECT AND OVERLAPPING DEBT  
LAST TEN FISCAL YEARS

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(thousands)  
(Unaudited)

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
2013	14,781	1,464	14,869	31,114	3.28%	1,231.36
2012	16,986	1,754	15,673	34,413	3.68%	1,361.94
2011	19,050	2,075	550	21,675	2.34%	857.79
2010	16,941	2,419	579	19,939	2.16%	789.10
2009	19,027	2,763	609	22,399	2.42%	979.96
2008	21,119	3,106	616	24,841	2.72%	1,086.80
2007	23,221	3,454	429	27,104	3.01%	1,185.79
2006	24,763	3,801	210	28,774	4.36%	1,258.87
2005	23,569	2,871	-	26,440	4.07%	1,156.77
2004	25,591	3,160	-	28,751	4.47%	1,257.87

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

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
2013					2013	10,727	1,418	11.7%	9.5%	8.0%	
2012				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%
2008	23,609	3,478	38.0	42,057	2008	11,083	906	7.6%	6.8%	5.7%	6.0%
2007	23,678	3,632			2007	11,063	773	6.5%	5.4%	4.6%	4.7%
2006	23,810	3,675			2006	10,832	791	6.8%	5.3%	4.4%	5.1%
2005	23,503	3,667			2005	10,602	767	6.7%	5.6%	4.9%	5.5%
2004	23,167	3,635	37.0	37,231	2004	10,485	745	6.6%	5.6%	4.9%	6.0%

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

TOWN OF WINDHAM, CONNECTICUT  
 BUILDING PERMITS, VALUE OF CONSTRUCTION AND PERMIT FEES COLLECTED  
 LAST TEN CALENDAR YEARS

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(thousands)  
(Unaudited)

Fiscal Year	Residential		Non-Residential		Total	
	Number	Value	Number	Value	Permits	Value
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
2008	920	6,503	192	4,965	1,112	11,468
2007	990	6,678	147	2,791	1,137	9,469
2006	1,108	9,033	250	12,256	1,358	21,289
2005	941	9,381	232	14,958	1,173	24,339
2004	953	6,884	190	12,739	1,143	19,623

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	847
Windham Community Memorial Hospital	Health Care	Windham	778
Eastern Connecticut State University	Public Education	Windham	620
General Cable Industries	Communication Cable	Windham	350
United Abrasives, Inc.	Manufacturing	Windham	300
Willimantic Waste Paper Co., Inc.	Recycling Collection	Windham	260
Walmart Supercenter	Department Store	Windham	250-499
United Services	Mental Health Services	Windham	250-499
Kohl's	Department Store	Windham	100-249
Super Stop & Shop	Grocery Store	Windham	100-249

Source: Connecticut Department of Labor, 2013

TOWN OF WINDHAM, CONNECTICUT  
 BUDGETED FULL-TIME EQUIVALENT EMPLOYEES  
 LAST SEVEN FISCAL YEARS  
 (Unaudited)

TABLE 15

<u>FUNCTION/PROGRAM</u>	<u>Full-Time-Equivalent Employees as of June 30,</u>						
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Government	43	41	41	38	38	34	34
Public Works	25	28	28	27	27	26	26
Willimantic Public Library	12	12	13	12	12	13	13
Windham Water Works	12	12	12	12	12	12	12
Willimantic Police	47	47	47	46	46	40	40
Water Pollution Control Authority	10	10	9	9	9	9	9
Willimantic Fire	30	30	32	28	30	28	27
Education	698	701	682	695	719	734	734
Total	<u>877</u>	<u>881</u>	<u>864</u>	<u>867</u>	<u>893</u>	<u>896</u>	<u>895</u>

Source: Adopted Budget Books for General Government, Official Statements for Education

TOWN OF WINDHAM, CONNECTICUT  
OPERATING INDICATORS BY FUNCTION  
LAST SIX FISCAL YEARS  
(Unaudited)

TABLE 16

City Manager <i>General Government</i>		FISCAL YEAR					
		2013	2012	2011	2010	2009	2008
Finance							
	Number of invoices approved for payment	17,261	16,803	17,067	17,587	18,082	17,952
	Number of internal control reviews performed	5	5	5	5	5	13
Treasurer							
Assessor							
	Number of deeds processed	278	268	304	266	301	321
	Number of veterans exemptions	1,927	2,017	2,099	2,127	2,154	2,186
	Board of assessment appeals adjustments	\$ (164,100)	\$ (106,910)	\$ (171,848)	\$ (38,390)	\$ (843,390)	\$ (520)
Personnel							
	Number of applications processed	109	15	127	202	31	340
	Vacancies filled through new hires	3	10	5	9	4	11
Town Clerk							
	Land records recorded	2,932	2,505	2,367	2,742	2,887	3,652
	Marriage licenses issued	318	360	244	154	190	175
	Death certificates issued	374	333	314	314	337	332
	Birth certificates issued	457	473	464	488	478	523
City Council							
Election							
	Voters added	1,403	*				
	Voters removed	963	*				
	Voter changes	4,409	*				
	Total voters	13,427	*				
<i>Public Safety</i>							
Police							
	911 calls	13,597	16,528	15,270	14,436	14,982	15,621
	Non-emergency calls	14,954	19,729	19,108	18,968	19,547	21,938
	DWI arrests	54	122	159	112	109	115
	* 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	105	138	121	122	101	131
	No Fire	2	11	6	4	7	13
	Rescue & Emergency Medical Services	3,905	3,736	3,530	3,647	3,975	3,613
	Hazardous Conditions	205	315	259	252	231	258
	Service Calls	166	175	169	172	214	76
	Good Intent Calls	224	182	142	184	129	135
	False Alarm & False Calls	314	258	285	267	296	327
	Severe Weather & Natural Disaster	14	15	3	2	1	-
	Special Incident Type	1	3	4	1	4	4
<i>Public Works</i>							
Engineering & Administration							
	road miles paved	2.89	4.47	5.69	1.11	2.39	4.68

(Continued)

TOWN OF WINDHAM, CONNECTICUT  
OPERATING INDICATORS BY FUNCTION  
LAST SIX FISCAL YEARS  
(Unaudited)

City Manager <i>General Government</i>	FISCAL YEAR					
	2013	2012	2011	2010	2009	2008
<i>Development and Code Enforcement</i>						
<i>Development Services</i>						
Zoning Board appeals	6	8	15	7	-	10
<i>Civic and Cultural</i>						
<i>Willimantic Public Library</i>						
Branches	1	1	1	1	1	1
Volumes (physical Collections print and nonprint)	52,469	51,294	52,331	59,120	62,642	63,868
Volumes (electronic/digital collections)	5,958	5,786	*			
Licensed data bases	26	26	*			
Total circulation	97,725	47,954	56,911	57,247	65,721	60,412
Total annual number of visits (based on sample )	140,000	140,000	140,000	130,000	20,000	25,000
Total registered resident library users	11,276	10,394	9,700	11,240	10,460	11,669
<i>Education</i>						
Average Class Size - Kindergarten	22.0	22.0	*			
Average Class Size - Grade 2	19.0	19.0	*			
Average Class Size - Grade 5	22.0	22.0	21.0	*		
Average Class Size - Grade 7	19.0	20.0	22.0	*		
<i>Economic Development</i>						
<i>Recreation and culture</i>						
Number of youth registrations	1,044	*				
Number of youth program hours	554	*				
Number of hours provided by volunteers	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 FIVE FISCAL YEARS  
 (Unaudited)

		<b>Fiscal Year</b>				
		2013	2012	2011	2010	2009
<b>Function</b>						
<i>Education</i>						
	School buildings	6	6	6	6	6
	Administrative buildings	1	1	1	1	1
<i>Public Safety</i>						
	<i>Police</i>					
	Stations	1	1	1	1	1
	Vehicles	33	30	30	27	22
	<i>Fire</i>					
	Firefighting/ rescue vehicles	11	10	10	10	10
	Other vehicles	4	3	3	3	2
	Fire stations	4	4	4	4	4
<i>Social Services</i>						
	<i>Recreation</i>					
	Number of basketball courts	7	7	7	7	7
	Number of football fields	1	1	1	1	1
	Number of multi-use fields					
	Number of playscapes/grounds	3	3	3	3	3
	Number of soccer fields	2	2	2	2	2
	Number of softball fields	3	3	3	3	3
	Number of tennis courts	6	6	6	6	6
	Mowers	7	7	4	4	4
	Other vehicles	2	2	1	1	1
	<i>Library</i>					
	Central	1	1	1	1	1
	Number of Branches	0	0	0	0	0
	Library on Wheels	0	0	0	0	0

(Continued)

TOWN OF WINDHAM, CONNECTICUT  
 CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM  
 LAST FIVE FISCAL YEARS  
 (Unaudited)

	<b>Fiscal Year</b>				
	2013	2012	2011	2010	2009
<i>Public Works</i>					
Infrastructure					
Concrete road miles	0	0	0	0	0
Asphalt road miles	90	90	90	90	90
Bridges	2	2	2	2	2
Traffic lights	2	2	2	2	2
Conduit system (miles)	N/A				
Street Maintenance					
Dump trucks	17	17	16	16	16
Sweepers	2	2	2	2	2
Parks & Cemeteries					
Parks:					
Large multi-use	N/A				
Medium size	11	11	11	11	11
Smaller/playgrounds	3	3	3	3	3
Cemeteries	4	4	4	4	4
Building Maintenance					
Parking lots	6	6	6	6	6
Parking garages	0	0	0	0	0

Sources: Police Department, Public Works and Recreation Town records



