

## Preliminary Official Statement Dated January 20, 2022

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

**RATINGS: See "Ratings" herein**

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds and the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds and the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. See "Tax Matters" herein.



### Town of South Windsor, Connecticut

**\$20,000,000**

#### General Obligation Bonds, Issue of 2022, Series A

**Dated: Date of Delivery**

**Due: Serially on February 1, 2023-2042,  
as detailed inside this front cover.**

The General Obligation Bonds, Issue of 2022, Series A (the "Series A Bonds") will bear interest payable August 1, 2022 and semiannually thereafter on February 1 and August 1 in each year until maturity or earlier redemption.

**Electronic bids via PARITY for the Series A Bonds will be received until 11:30 A.M. (Eastern) on Thursday, January 27, 2022 at South Windsor Town Hall, Madden Room, 1540 Sullivan Avenue, South Windsor, Connecticut 06074, as described in the official Notice of Sale. (See Appendix D-1 herein).**

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**\$3,125,000\***

#### General Obligation Refunding Bonds, Issue of 2022, Series B

**Dated: Date of Delivery**

**Due: Serially on February 15, 2023-2036,  
as detailed inside this front cover.**

The General Obligation Refunding Bonds, Issue of 2022, Series B (the "Series B Bonds") will bear interest payable August 15, 2022 and semiannually thereafter on February 15 and August 15 in each year until maturity or earlier redemption.

**Electronic bids via PARITY for the Series B Bonds will be received until 12:00 Noon (Eastern) on Thursday, January 27, 2022 at South Windsor Town Hall, Madden Room, 1540 Sullivan Avenue, South Windsor, Connecticut 06074, as described in the official Notice of Sale. (See Appendix D-2 herein).**

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**\$14,000,000**

#### General Obligation Bond Anticipation Notes

**Dated: February 11, 2022**

**Due: February 10, 2023**

The General Obligation Bond Anticipation Notes (the "Notes") will be issued in book-entry-only form and will bear interest payable at maturity at such rate or rates per annum as are specified by the successful bidder or bidders as set forth on the inside front cover.

The Notes are not subject to redemption prior to maturity.

**Electronic bids via PARITY for the Notes will be received until 11:00 A.M. (Eastern) on Thursday, January 27, 2022 at South Windsor Town Hall, Madden Room, 1540 Sullivan Avenue, South Windsor, Connecticut 06074 as described in the official Notice of Sale. (See Appendix D-3 herein).**

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The Notes, when issued, will be registered in the name of Cede & Co., as Noteowner and nominee for DTC, New York, New York. See "Book-Entry-Only Transfer System" herein.

The Series A Bonds and the Series B Bonds (collectively, the "Bonds") are issuable only as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "Book-Entry-Only Transfer System" herein.

The Bonds are subject to redemption prior to maturity as described herein. (See "Redemption Provisions").

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

The Registrar, Transfer Agent, Paying Agent, Escrow Agent and Certifying Agent will be U.S. Bank National Association, Hartford, Connecticut 06103.

The Bonds and the Notes are offered for delivery when, as and if issued, subject to the approving opinion of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut and certain other conditions. It is expected that delivery of the Bonds and the Notes in book-entry-only form will be made to DTC on or about February 11, 2022.

\* Preliminary, subject to change.

**Town of South Windsor, Connecticut**  
**\$20,000,000**  
**General Obligation Bonds, Issue of 2022, Series A**

**Dated:**      **Date of Delivery**

**Due: Serially on February 1, 2023-2042,**  
**as detailed below:**

<b>Year</b>	<b>Principal</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP</b> <sup>1</sup>	<b>Year</b>	<b>Principal</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP</b> <sup>1</sup>
2023	\$ 1,000,000	___ %	___ %	840772	2033	\$ 1,000,000	___ %	___ %	840772
2024	1,000,000	___ %	___ %	840772	2034	1,000,000	___ %	___ %	840772
2025	1,000,000	___ %	___ %	840772	2035	1,000,000	___ %	___ %	840772
2026	1,000,000	___ %	___ %	840772	2036	1,000,000	___ %	___ %	840772
2027	1,000,000	___ %	___ %	840772	2037	1,000,000	___ %	___ %	840772
2028	1,000,000	___ %	___ %	840772	2038	1,000,000	___ %	___ %	840772
2029	1,000,000	___ %	___ %	840772	2039	1,000,000	___ %	___ %	840772
2030	1,000,000	___ %	___ %	840772	2040	1,000,000	___ %	___ %	840772
2031	1,000,000	___ %	___ %	840772	2041	1,000,000	___ %	___ %	840772
2032	1,000,000	___ %	___ %	840772	2042	1,000,000	___ %	___ %	840772

**\$3,125,000\***  
**General Obligation Refunding Bonds, Issue of 2022, Series B**

**Dated:**      **Date of Delivery**

**Due: Serially on February 15, 2023-2036,**  
**as detailed below:**

<b>Year</b>	<b>Principal*</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP</b> <sup>1</sup>	<b>Year</b>	<b>Principal*</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP</b> <sup>1</sup>
2023	\$ 210,000	___ %	___ %	840772	2030	\$ 225,000	___ %	___ %	840772
2024	215,000	___ %	___ %	840772	2031	225,000	___ %	___ %	840772
2025	215,000	___ %	___ %	840772	2032	230,000	___ %	___ %	840772
2026	220,000	___ %	___ %	840772	2033	225,000	___ %	___ %	840772
2027	220,000	___ %	___ %	840772	2034	225,000	___ %	___ %	840772
2028	225,000	___ %	___ %	840772	2035	220,000	___ %	___ %	840772
2029	225,000	___ %	___ %	840772	2036	245,000	___ %	___ %	840772

**\$14,000,000**  
**General Obligation Bond Anticipation Notes**

**Dated:**      **February 11, 2022**

**Rate:**      \_\_\_ %

**Yield:**      \_\_\_ %

**Due: February 10, 2023**

**CUSIP:**<sup>1</sup>      **840772**

\* Preliminary, subject to change.

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

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

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and the Notes and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds and the Notes shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

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

The Bonds have not been registered under the Securities Act of 1933, as amended, nor have the Bonds been registered under any state securities laws.

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

Other than matters expressly set forth as their opinions in Appendices B-1 and B-2, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that they have independently verified the same.

The Town currently files its official statements for primary offerings with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system. In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide or cause to be provided (i) annual financial information and operating data with respect to the Bonds, (ii) a notice of the occurrence of certain events within 10 business days of the occurrence of such events with respect to the Bonds and the Notes, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement with respect to the Bonds. The Continuing Disclosure Agreements shall be executed in substantially the forms attached as Appendices C-1 and C-2 to this Official Statement.

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## Series A Bond Issue Summary

*The information in this Series A Bond Issue Summary and on the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.*

<b>Date of Sale:</b>	Thursday, January 27, 2022 at 11:30 a.m. (Eastern Time).
<b>Location of Sale:</b>	South Windsor Town Hall, Madden Room, 1540 Sullivan Avenue, South Windsor, Connecticut 06074.
<b>Issuer:</b>	Town of South Windsor, Connecticut (the "Town").
<b>Issue:</b>	\$20,000,000 General Obligation Bonds, Issue of 2022, Series A (the "Series A Bonds").
<b>Dated Date:</b>	February 11, 2022.
<b>Interest Due:</b>	August 1, 2022 and semiannually thereafter on February 1 and August 1 in each year until maturity or earlier redemption.
<b>Principal Due:</b>	Principal is due serially on February 1, 2023 through 2042 as detailed in this Official Statement.
<b>Authorization and Purpose:</b>	The Series A Bond proceeds will be used to fund various general purpose and school projects authorized by the Town. See "Authorized but Unissued" herein.
<b>Redemption:</b>	The Series A Bonds are subject to redemption prior to maturity. See "Optional Redemption".
<b>Security and Remedies:</b>	The Series A Bonds will be general obligations of the Town, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Series A Bonds when due.
<b>Credit Rating:</b>	Application has been made to S&P Global Ratings ("S&P") for a rating on the Series A Bonds. The Town's current long-term rating is "AA+" from S&P.
<b>Basis of Award:</b>	Lowest True Interest Cost (TIC), as of the dated date.
<b>Bond Insurance:</b>	The Town does not expect to direct purchase a credit enhancement facility.
<b>Tax Exemption:</b>	See "Bond Information - Tax Matters" herein.
<b>Bank Qualification:</b>	The Series A Bonds <u>shall NOT</u> be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for certain interest expense allocable to the Series A Bonds.
<b>Continuing Disclosure:</b>	See Appendix C-1 "Form of Continuing Disclosure Agreement – Bonds" hereto.
<b>Registrar, Transfer Agent, Certifying Agent, &amp; Paying Agent:</b>	U.S. Bank National Association, CityPlace I, 185 Asylum Street, 27 <sup>th</sup> Floor, Hartford, Connecticut 06103.
<b>Legal Opinion:</b>	Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.
<b>Municipal Advisor:</b>	Phoenix Advisors, LLC, of Milford, Connecticut, Telephone (203) 878-4945.
<b>Delivery and Payment:</b>	It is expected that delivery of the Series A Bonds in book-entry-only form will be made to The Depository Trust Company on or about February 11, 2022 against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning this Official Statement should be directed to Patricia Perry, Director of Finance, Town of South Windsor, Town Hall, 1540 Sullivan Avenue, South Windsor, Connecticut 06074, Telephone: (860) 644-2511 or Mr. Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut, Telephone: (203) 878-4945.

## Series B Bond Issue Summary

The information in this Series B Bond Issue Summary and on the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.

<b>Date of Sale:</b>	Thursday, January 27, 2022 at 12:00 Noon (Eastern Time).
<b>Location of Sale:</b>	South Windsor Town Hall, Madden Room, 1540 Sullivan Avenue, South Windsor, Connecticut 06074.
<b>Issuer:</b>	Town of South Windsor, Connecticut (the "Town").
<b>Issue:</b>	\$3,125,000* General Obligation Refunding Bonds, Issue of 2022, Series B (the "Series B Bonds").
<b>Dated Date:</b>	February 11, 2022.
<b>Interest Due:</b>	August 15, 2022 and semiannually thereafter on February 15 and August 15 in each year until maturity or earlier redemption.
<b>Principal Due:</b>	Principal is due serially on February 15, 2023 through 2036 as detailed in this Official Statement.
<b>Authorization and Purpose:</b>	The Series B Bond proceeds will be used refinance bonds and obligations originally issued to fund various general purpose and school projects. (See "Plan of Refunding – Series B Bonds" herein.)
<b>Redemption:</b>	The Series B Bonds are subject to redemption prior to maturity. See "Optional Redemption".
<b>Security and Remedies:</b>	The Series B Bonds will be general obligations of the Town, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Series B Bonds when due.
<b>Credit Rating:</b>	Application has been made to S&P Global Ratings ("S&P") for a rating on the Series B Bonds. The Town's current long-term rating is "AA+" from S&P.
<b>Basis of Award:</b>	Lowest True Interest Cost (TIC), as of the dated date.
<b>Bond Insurance:</b>	The Town does not expect to direct purchase a credit enhancement facility.
<b>Tax Exemption:</b>	See "Tax Matters" herein.
<b>Bank Qualification:</b>	The Series B Bonds <u>shall NOT</u> be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for certain interest expense allocable to the Series B Bonds.
<b>Continuing Disclosure:</b>	See Appendix C-1 "Form of Continuing Disclosure Agreement - Bonds" hereto.
<b>Registrar, Transfer Agent, Certifying Agent, Escrow Agent &amp; Paying Agent:</b>	U.S. Bank National Association, CityPlace I, 185 Asylum Street, 27 <sup>th</sup> Floor, Hartford, Connecticut 06103.
<b>Legal Opinion:</b>	Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.
<b>Municipal Advisor:</b>	Phoenix Advisors, LLC, of Milford, Connecticut, Telephone (203) 878-4945.
<b>Delivery and Payment:</b>	It is expected that delivery of the Series A Bonds in book-entry-only form will be made to The Depository Trust Company on or about February 11, 2022 against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning this Official Statement should be directed to Patricia Perry, Director of Finance, Town of South Windsor, Town Hall, 1540 Sullivan Avenue, South Windsor, Connecticut 06074, Telephone: (860) 644-2511 or Mr. Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut, Telephone: (203) 878-4945.

\* Preliminary, subject to change.

## **Note Issue Summary**

*The information in this Note Issue Summary and on the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.*

<b>Date of Sale:</b>	Thursday, January 27, 2022 at 11:00 a.m (Eastern Time).
<b>Location of Sale:</b>	South Windsor Town Hall, Madden Room, 1540 Sullivan Avenue, South Windsor, Connecticut 06074.
<b>Issuer:</b>	Town of South Windsor, Connecticut (the "Town").
<b>Issue:</b>	\$14,000,000 General Obligation Bond Anticipation Notes (the "Notes").
<b>Dated Date:</b>	February 11, 2022
<b>Interest Due:</b>	At maturity: February 10, 2023
<b>Principal Due:</b>	At maturity: February 10, 2023
<b>Authorization and Purpose:</b>	The proceeds of the Notes will be used to fund various general purpose and school projects authorized by the Town.
<b>Redemption:</b>	The Notes are <u>NOT</u> subject to redemption prior to maturity.
<b>Security and Remedies:</b>	The Notes will be general obligations of the Town, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.
<b>Credit Rating:</b>	Application has been made to S&P Global Ratings ("S&P") for a rating on the Notes.
<b>Basis of Award:</b>	Lowest Net Interest Cost (NIC), as of the dated date.
<b>Note Insurance:</b>	The Town does not expect to direct purchase a credit enhancement facility.
<b>Bank Qualification:</b>	The Notes <u>shall NOT</u> be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for certain interest expense allocable to the Notes.
<b>Continuing Disclosure:</b>	See Appendix C-2 "Form of Continuing Disclosure Agreement - Notes" hereto.
<b>Registrar, Transfer Agent, Certifying Agent &amp; Paying Agent:</b>	U.S. Bank National Association, CityPlace I, 185 Asylum Street, 27 <sup>th</sup> Floor, Hartford, Connecticut 06103.
<b>Legal Opinion:</b>	Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.
<b>Municipal Advisor:</b>	Phoenix Advisors, LLC, of Milford, Connecticut, Telephone (203) 878-4945.
<b>Delivery and Payment:</b>	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about February 11, 2022 against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning this Official Statement should be directed to Patricia Perry, Director of Finance, Town of South Windsor, Town Hall, 1540 Sullivan Avenue, South Windsor, Connecticut 06074, Telephone: (860) 644-2511 or Mr. Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut, Telephone: (203) 878-4945.

## ***I. Bond and Note Information***

### ***Introduction***

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of South Windsor, Connecticut (the "Town"), in connection with the original issuance and sale of \$20,000,000 General Obligation Bonds, Issue of 2022, Series A (the "Series A Bonds"), \$3,125,000\* General Obligation Refunding Bonds, Issue of 2022, Series B (the "Series B Bonds" and together with the Series A Bonds, the "Bonds") and \$14,000,000 General Obligation Bond Anticipation Notes (the "Notes") of the Town.

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds or the Notes. Any statement made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

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

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

The Bonds and the Notes are being offered for sale at public bidding. Notices of Sale for the Bonds and the Notes, each dated January 20, 2022, have been furnished to prospective bidders. Reference is made to the respective Notices of Sale for the terms and conditions of the bidding.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, annual financial information and operating data and timely notice of the occurrence of certain events with respect to the Bonds and the Notes pursuant to Continuing Disclosure Agreements to be executed substantially in the forms set forth in Appendices C-1 and C-2 to this Official Statement. The successful bidder's obligation to purchase the Bonds and the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Bonds and the Notes, executed copies of the Continuing Disclosure Agreements.

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

### ***Municipal Advisor***

Phoenix Advisors, LLC, of Milford, Connecticut the ("Municipal Advisor") has served as Municipal Advisor to the Town with respect to the issuance of the Bonds and the Notes and has assisted the Town in preparing this Official Statement. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto.

The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

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\* Preliminary, subject to change.



## **Global Health Emergency Risk**

### **The COVID-19 Outbreak**

The outbreak of a respiratory virus caused by a new strain of coronavirus, “COVID-19”, has been declared a Public Health Emergency of International Concern by the World Health Organization. On March 13, 2020, in response to the COVID-19 outbreak, the President of the United States declared a national emergency. The spread of the virus has affected travel, commerce and financial markets globally, and has affected global, national and State economic activity. Financial markets in the United States and throughout the world have seen a significant increase in volatility attributed to COVID-19 concerns, including U.S. equity and bond markets.

### **State Response to COVID-19**

In the State of Connecticut (the “State”), the Governor declared a state of emergency on March 10, 2020 and has issued numerous Executive Orders in an attempt to slow the spread of COVID-19.

Public schools began to operate remotely immediately following the outbreak and continued remotely through the 2019-2020 school year. For the 2020-2021 school year, schools were permitted to reopen and school districts were given the discretion to choose in-person learning, virtual learning or a hybrid model. For the 2021-2022 school year, South Windsor Public Schools returned to full-time in-person learning.

Connecticut’s COVID-19 vaccination plan commenced on December 14, 2020. The State is currently making vaccinations available to all individuals aged 5 and over, and reports that it is preparing to make booster shots available in accordance with CDC guidelines. The Governor regularly reviews conditions and, accordingly, expands or reduces restrictions. As of May 19, 2021, all capacity restrictions related to establishments and social/recreational gatherings were eliminated, while indoor face-covering requirements remain in effect for unvaccinated individuals. Businesses and state and local government offices have the option to require masks be worn by everyone in their establishments. Since August 5, 2021, municipal leaders have had the option of requiring that masks be worn by everyone, regardless of vaccination status, in indoor public places within their respective towns and cities. As of September 22, 2021, the Town implemented a mask requirement in all Town Buildings.

On June 4, 2020, Governor Lamont established the Connecticut Municipal Coronavirus Relief Fund Program (the “Program”) which established a process by which Connecticut municipalities can receive funds from the State to offset non-budgeted COVID19 related expenditures that were incurred between March 1, 2020 and December 30, 2020. The Town has received \$848,579 of reimbursements against \$848,579 of COVID-19 related and reimbursable Town and Board of Education expenses. The Town has applied for additional reimbursements from FEMA for the balance.

### **Town Response to COVID-19**

Despite the ongoing global pandemic which began in March 2020 with the onset of COVID-19 and continues to impact the world’s public health response, South Windsor has remained financially strong and continues to attract business development investments. The Town also continues to draw new people to the area. This is in large part to the diverse business environment, an outstanding school system, several large colleges and universities nearby and numerous health care facilities. South Windsor is not alone in facing the challenges stemming from the global pandemic, and continues to reinforce fiscal stewardship, operational efficiencies, strategic investments and effective management. The Town continues to be well positioned to adapt to the ongoing pandemic while maintaining its high level of service to the community

For the fiscal year ending June 30, 2021, the Town had a surplus from operations of \$4,284,690. These results include \$205,000 from the State in CARES Act reimbursements for COVID-19 related expenses through June 30, 2021. the Town’s audited financial statements can be found on the Town’s website at:

[https://www.southwindsor-ct.gov/sites/g/files/vyhlif3831/f/uploads/town\\_of\\_south\\_windsor\\_connecticut\\_financial\\_statements.pdf](https://www.southwindsor-ct.gov/sites/g/files/vyhlif3831/f/uploads/town_of_south_windsor_connecticut_financial_statements.pdf)

In accordance with State law, the Town has adopted its budget for the fiscal year ending June 30, 2022. Total revenues are estimated at \$127.9 million, including \$112.1 million from property taxes and \$12.7 million, or 10% of total revenues, from the State. The Town’s FYE 2022 budget is posted at: [https://www.southwindsor-ct.gov/sites/g/files/vyhlif3831/f/uploads/budget\\_final\\_2021-2022\\_for\\_website\\_printing.pdf](https://www.southwindsor-ct.gov/sites/g/files/vyhlif3831/f/uploads/budget_final_2021-2022_for_website_printing.pdf). For information regarding the impact of COVID-19 on the State’s finances and financial position, readers should consult the State’s most recent filings on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access website (“EMMA”) at <https://emma.msrb.org/>.

The Town had approximately \$27,581,591 million of cash and cash equivalents on hand for operations and capital budget projects as of June 30, 2021.

### **Government Response to COVID-19's Impact on the Economy**

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Stabilization Act (the "CARES Act") that provided in excess of \$2 trillion of relief to industries and entities throughout the country, including state and local governments. Under the CARES Act, \$150 billion was appropriated to states and other units of government for activities that are directly related to COVID-19. The State received approximately \$1.4 billion in such funding, and it was given the discretion to provide those funds to local governments.

On December 27, 2020, President Trump signed into law the Coronavirus Response and Relief Supplemental Appropriations Act of 2021, which extends certain programs and benefits first authorized by the CARES Act. The relief package includes, among other items, over \$900 billion in stimulus for various COVID-19 relief programs, \$8.75 billion for vaccine distribution, \$54.3 billion of Elementary and Secondary School Emergency Relief Funds (ESSER I & II), \$4.1 billion for the Governors Emergency Education Relief Fund, and an allocation of \$284 billion of Paycheck Protection Program funds to support eligible small businesses and non-profits. The legislation expands and modifies the program by allowing second draw loans for certain borrowers. The Town has received \$122,146 from the ESSER I Grant and \$560,346 from the ESSER II Grant.

On March 11, 2021, President Biden signed into law the \$1.9 trillion American Rescue Plan Act of 2021 (the "Rescue Plan"). The Rescue Plan relief package includes, amongst other provisions, \$350 billion in state and local government aid. Of the \$350 billion, the State and its local governments are expected to receive approximately \$4.2 billion as a result of this legislation, with \$2.6 billion in State relief and another \$1.6 billion in relief for local governments. The Rescue Plan relief package also includes approximately \$123 billion to allow for a return to full-time, in-person teaching at elementary and high schools, which funds may be used for numerous purposes, including but not limited to expanding testing, modifying classrooms, improving ventilation, and hiring more custodial staff. The State's K-12 schools are expected to receive approximately \$1.1 billion. The Rescue Plan relief package includes another \$160 billion dedicated to COVID-19 vaccination development and distribution.

Over the next two years, the Town expects to receive \$7,742,660 in federal funding as a result of the Rescue Plan. In June 2021, the Town received its first installment of \$3,871,330 in funding from this program. The Town has developed a plan for the use of such funds that complies with the program eligibility criteria.

### **Potential Impact**

The potential impact of the national, State and Town response to COVID-19 to date, and the continued spread of COVID-19 and the national, State and Town response thereto, cannot be predicted at this time, but could have a materially adverse effect on the economies of the State and its political subdivisions, including the Town, and the Town's finances, credit ratings and ability to pay debt service on its outstanding indebtedness in the future.

**This Official Statement and information incorporated herein include "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "anticipate," "budget," "approximately" or other similar words. All forward-looking statements included in this Official Statement or incorporated herein are based on information available to the Town up to the date of this Official Statement. The achievement of certain results or other expectations involve known and unknown risks, uncertainties and other factors which may cause actual results to differ materially from those anticipated in these forward-looking statements. The Town assumes no obligation to update any such forward-looking statements to reflect events or circumstances that arise after the date hereof.**

## ***Climate Change***

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The Town faces certain threats due to climate change, including flooding, drought and damaging wind that could become more severe and frequent. The Town cannot predict the timing, extent or severity of climate change and its impact on the Town's operations and finances.

## ***Cybersecurity***

The Town government has had no cyber security breaches as of the date of this rating presentation. The Town has adopted and maintains an active Cybersecurity Program ("CSP") that includes policies reviewed annually by its internal Information Security Team (IST) and shared with our independent third-party auditors and consultants. The IST is responsible for overseeing the annual review of the CSP and its alignment with the strategic plan and direction of the Town of South Windsor, CT. The IST worked with its regional planning agency (CRCOG) to create policies and procedures which are consistent with public agency standards as well as staying aligned with governance, risk, and compliance. All Town employees are required to participate in South Windsor's Information Security Education and Awareness Training program. The Town's Information Security Team is responsible for providing guidance and education on the implementation of all new technologies based on the Town's CSP. The IST oversees the monitoring of potential threats and vulnerabilities, protects against virus and malware attacks, and investigates any potential unauthorized activity on South Windsor's network.

## ***Security Measures***

The IST conducts routine visits to all municipal facilities to review both physical security of its technology infrastructure and our user behaviors. All users are required to participate in our cybersecurity awareness program, ensure their two-factor fobs/devices are secure, and report any unusual activity or behavior to the IST immediately. The IST cyber security approach is designed in layers. We have devices and policies to protect and harden the network perimeter as well as its interior. We rely on both artificial intelligence and human surveillance to protect the systems. Our redundant data centers are located in secure facilities beyond public access. The IST mission is to ensure the Town's ability to continually deliver services to its citizens thru its safeguards, cyber insurance, and redundant systems.

## ***Description of the Series A Bonds***

The Series A Bonds will be dated the date of delivery and will mature in the years and in such amounts and shall bear interest at such rates as set forth on the cover page of this Official Statement, payable on August 1, 2022 and semiannually thereafter on February 1 and August 1 in each year until maturity or earlier redemption. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest is payable to the registered owner as of the close of business on the fifteenth day of January and July, or the preceding business day if such fifteenth day is not a business day, by check mailed to the registered owner; or so long as the Series A Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, and the Town shall agree. The Series A Bonds are subject to redemption prior to maturity. See "Optional Redemption" herein.

## ***Description of the Series B Bonds***

The Series B Bonds will be dated the date of delivery and will mature in the years and in such amounts and shall bear interest at such rates as set forth on the cover page of this Official Statement, payable on August 15, 2022 and semiannually thereafter on February 15 and August 15 in each year until maturity or earlier redemption. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest is payable to the registered owner as of the close of business on the last business day of January and July in each year by check mailed to the registered owner; or so long as the Series B Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, and the Town shall agree. The Series B Bonds are subject to redemption prior to maturity. See "Optional Redemption" herein.

## **Optional Redemption\***

### *Series A Bonds*

The Series A Bonds maturing on or before February 1, 2030 are not subject to redemption prior to maturity. The Series A Bonds maturing on February 1, 2031 and thereafter, are subject to redemption prior to maturity, at the election of the Town, on and after February 1, 2030 at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the respective price (expressed as a percentage of the principal amount of the Series A Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<b><u>Period During Which Redeemed</u></b>	<b><u>Redemption Price</u></b>
February 1, 2030 and thereafter	100%

### *Series B Bonds*

The Series B Bonds maturing on or before February 15, 2030\* are not subject to redemption prior to maturity. The Series B Bonds maturing on February 15, 2031\* and thereafter, are subject to redemption prior to maturity, at the election of the Town, on and after February 15, 2030\* at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the respective price (expressed as a percentage of the principal amount of the Series B Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<b><u>Period During Which Redeemed</u></b>	<b><u>Redemption Price</u></b>
February 15, 2030* and thereafter	100%

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

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

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

\* Preliminary, subject to change.

**Description of the Notes**

The Notes will be dated February 11, 2022 and will be due and payable as to both principal and interest at maturity on February 10, 2023. The Notes will bear interest calculated on the basis of twelve 30-day months and a 360-day year at such rate or rates per annum as are specified by the successful bidder or bidders. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC, and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry Only Transfer System”. The Notes are NOT subject to redemption prior to maturity.

**Authorization and Purpose**

The Series A Bonds and the Notes are issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Charter of the Town, and bond resolutions adopted and approved by the electors of the Town at referendum.

The Series B Bonds are issued pursuant to Title 7 of the General Statutes of Connecticut, as amended and a bond resolution adopted by the Town Council on January 18, 2022.

**Use of Proceeds – Series A Bonds and Notes**

<b>Project</b>	<b>Amount Authorized</b>	<b>Maturing Notes Due: 2/11/2022</b>	<b>This Issue:</b>	
			<b>Notes Due: 2/10/2023</b>	<b>Series A Bonds</b>
Orchard Hill Elementary School.....	\$ 33,521,724	\$ -	\$ -	\$ 1,200,000
Eli Terry Elementary School.....	37,419,060	-	-	2,500,000
Philip R. Smith Elementary School.....	32,480,940	-	-	3,600,000
2018 - Road/Various Public Improvements....	15,000,000	5,000,000	3,000,000	5,000,000
Pleasant Valley Elementary School.....	58,500,000	1,000,000	10,000,000	7,700,000
2021 - Various Public Improvements.....	9,340,000	-	1,000,000	-
<b>Total.....</b>	<b>\$186,261,724</b>	<b>\$ 6,000,000</b>	<b>\$ 14,000,000</b>	<b>\$ 20,000,000</b>

*(Remainder of page left blank intentionally)*

**Plan of Refunding – Series B Bonds\***

The Series B Bonds are being issued to refund prior to maturity the outstanding principal amount of the Town’s outstanding general obligation bonds set forth below (the “Refunded Bonds”), and to pay costs of issuance. The list of Refunded Bonds may be changed by the Town in its sole discretion due to market factors or other factors considered relevant by the Town at the time of pricing the Bonds, and no assurance can be given that any particular Refunded Bond listed or any particular maturity will be refunded. The refunding is contingent upon delivery of the Series B Bonds.

<i>Issue</i>	<i>Dated Date</i>	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Par Amount*</i>	<i>Redemption Date</i>	<i>Redemption Price</i>
2016	2/17/2016	2/15/2023	2.000%	225,000	3/14/2022	100.00%
		2/15/2024	2.000%	225,000	3/14/2022	100.00%
		2/15/2025	2.000%	225,000	3/14/2022	100.00%
		2/15/2026	2.000%	225,000	3/14/2022	100.00%
		2/15/2027	2.000%	225,000	3/14/2022	100.00%
		2/15/2028	2.250%	225,000	3/14/2022	100.00%
		2/15/2029	2.375%	225,000	3/14/2022	100.00%
		2/15/2030	2.500%	225,000	3/14/2022	100.00%
		2/15/2031	2.500%	225,000	3/14/2022	100.00%
		2/15/2032	3.000%	225,000	3/14/2022	100.00%
		2/15/2033	3.000%	225,000	3/14/2022	100.00%
		2/15/2034	3.000%	225,000	3/14/2022	100.00%
		2/15/2035	3.000%	225,000	3/14/2022	100.00%
		2/15/2036	3.000%	250,000	3/14/2022	100.00%
<b>Total* .....</b>				<b>\$ 3,175,000</b>		

Upon delivery of the Series B Bonds, a portion of the Series B Bond proceeds will be deposited in an irrevocable escrow fund (the “Escrow Deposit Fund”) established with U.S. Bank National Association, as escrow agent (the “Escrow Agent”) under an Escrow Agreement (the “Escrow Agreement”) dated as of the Date of Delivery between the Escrow Agent and the Town. The Escrow Agent will use such proceeds to purchase a portfolio of United States Treasury State and Local Government Series securities (“SLGS”) securities and any other securities permitted by Section 7-400 of the Connecticut General Statutes, all of which shall not be callable or prepayable at the option of the issuer thereof (the “Escrow Securities”) and needed to pay the principal, interest payments, and redemption prices of the Refunded Bonds. All investment income on and the maturing principal of the Escrow Securities held in the Escrow Deposit Fund will be irrevocably deposited by the Town for payment of the Refunded Bonds. The balance of the proceeds of the Bonds will be used to pay costs of issuance and Underwriter’s discount.

**Verification of Mathematical Computations**

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

\* Preliminary, subject to change.

## Sources and Uses – Series B Bonds

### Sources:

Par Amount of the Bonds .....	\$	-
Net Original Issue Premium .....		-
<b>Total Sources</b> .....	\$	-

### Uses:

Deposit to Escrow Deposit Fund .....	\$	-
Costs of Issuance .....		-
Underwriter's Discount .....		-
<b>Total Uses</b> .....	\$	-

## Book-Entry-Only Transfer System

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated AA+ by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

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

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

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

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

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

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

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

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

### ***DTC Practices***

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

### ***Replacement Bonds and Notes***

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



## ***Security and Remedies***

The Bonds and the Notes will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds and the Notes when due. Unless paid from other sources, the Bonds and the Notes are payable from ad valorem taxes which may be levied on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

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

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

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

Enforcement of a claim for payment of principal of or interest on such bonds or notes would also be subject to the applicable provisions of federal bankruptcy laws and to provisions of other statutes, if any, hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Under the Federal Bankruptcy Code, the Town may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9, Title 11 of the United States Code, or by State law or by a governmental officer or organization empowered by State law to authorized such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district or any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

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

The Bonds and the Notes shall NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Bonds and the Notes.

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

The Town will enter into continuing disclosure agreements with respect to the Bonds and the Notes (the "Continuing Disclosure Agreements"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), (i) annual financial information and operating data with respect to the Bonds, (ii) notice of the occurrence of certain events within 10 business days of the occurrence of such events with respect to the Bonds and the Notes, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement with respect to the Bonds. The Continuing Disclosure Agreements shall be executed in substantially the forms attached as Appendices C-1 and C-2 to this Official Statement.

The Town has previously undertaken in continuing disclosure agreements, for the benefit of holders of certain of its bonds and notes, to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). During the last five (5) years, the Town has not failed to comply, in all material respects, with any of its undertakings in its continuing disclosure agreements.

## ***Ratings***

Application has been made to S&P Global Ratings (“S&P”) for a rating on the Bonds and the Notes. The Town’s current long-term rating is “AA+” from S&P. The Town furnished to S&P certain information and materials, some of which may not have been included in this Official Statement. The rating reflects only the views of S&P. No application was made to any other rating agency for the purpose of obtaining ratings on outstanding securities of the Town.

Generally, the rating agencies base their rating upon such information and materials and upon investigations, studies and assumptions by the rating agencies. There can be no assurance that a rating will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the marketability or market price of the Town’s outstanding bonds and notes, including this issue.

The Town expects to furnish to S&P information and materials that they may request. However, the Town may issue short-term or other debt for which a rating is not requested. The Town’s Municipal Advisor, Phoenix Advisors, LLC, recommends that all bonded debt be submitted for a credit rating.

## ***Tax Matters***

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements which must be met at and subsequent to delivery of the Bonds and the Notes in order that interest on the Bonds and the Notes be and remains excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds and the Notes to be included in gross income retroactive to the date of issuance of the Bonds and the Notes. The Tax Regulatory Agreement, which will be executed and delivered by the Town concurrently with the Bonds and the Notes, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Bonds and the Notes in order to comply with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the Town also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Bonds and the Notes shall be excluded from gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the Town with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Bonds and the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax.

Ownership of the Bonds and the Notes may also result in certain collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits, taxpayers utilizing the earned income credit and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Bonds and the Notes. Prospective purchasers of the Bonds and the Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of ownership and disposition of, or receipt of interest on, the Bonds and the Notes.

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

Legislation affecting the exclusion from gross income of interest on State or local bonds, such as the Bonds and the Notes, is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds and the Notes will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Bonds and the Notes or adversely affect the market price of the Bonds and the Notes.

The opinions of Bond Counsel are rendered as of their date and are based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to their attention, or to reflect any changes in law that may thereafter occur or become effective.

Prospective purchasers of the Bonds and the Notes are advised to consult their own tax advisors regarding other State and local tax consequences of ownership and disposition of and receipt of interest on the Bonds and the Notes.

## **Original Issue Discount**

The initial public offering price of certain maturities of the Bonds and the Notes may be less than the principal amount payable on such Bonds and the Notes at maturity. The excess of the principal amount payable at maturity over the initial public offering price at which a substantial amount of these Bonds or Notes is sold constitutes original issue discount. The offering prices relating to the yields set forth on the inside cover page of this Official Statement are expected to be the initial public offering prices at which a substantial amount of the Bonds and Notes were ultimately sold to the public.

Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any Bond or Note during each day it is owned by a taxpayer is added to the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds or Notes by such owner. Accrued original issue discount on the Bonds and the Notes is excluded from gross income for federal income tax purposes. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such Bond or Note. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond, and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest paid during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Prospective purchasers of the Bonds and the Notes should consult their own tax advisors with respect to the federal, state and local income tax consequences of the disposition of and receipt of interest on the Bonds and the Notes.

Internal Revenue Service Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service is studying whether the stated interest portion of the payment at maturity on a short-term debt obligation (such as the Notes), that matures not more than one year from the date of issue, bears a stated fixed rate of interest and is described in section 103(a) of the Code, is (i) qualified stated interest that is excluded from the stated redemption price at maturity of the obligation (within the meaning of section 1273 of the Code) but is excluded from gross income pursuant to section 103(a) of the Code, or (ii) is not qualified stated interest and, therefore, is included by the taxpayer in the stated redemption price at maturity of the obligation, creating or increasing (as to that taxpayer) original issue discount on the obligation that is excluded from gross income pursuant to Section 103 of the Code. Notice 94-84 states that until the Internal Revenue Service provides further guidance with respect to tax-exempt short-term debt obligations, a taxpayer holding such obligations may treat the stated interest payable at maturity either as qualified stated interest or as included in the stated redemption price at maturity of the obligation. However, the taxpayer must treat the amounts to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Prospective purchasers of the Notes should consult their own tax advisors with respect to the federal, state and local income tax consequences of ownership of and of the election between the choices of treatment of the stated interest payable at maturity on the Notes.

## **Original Issue Premium**

The initial public offering price of certain maturities of the Bonds and the Notes may be greater than the principal amount payable on such Bonds and Notes at maturity. The excess of the initial public offering price at which a substantial amount of these Bonds or the Notes is sold over the principal amount payable at maturity or on earlier call date constitutes original issue premium. The offering prices relating to the yields set forth on the inside cover page of this Official Statement are expected to be the initial public offering prices at which a substantial amount of the Bonds and the Notes were ultimately sold to the public.

Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as amortizing with respect to any Bond or Note during each day it is owned by a taxpayer is subtracted from the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds or Notes by such owner. Amortized original issue premium on the Bonds and the Notes is not treated as a deduction from gross income for federal income tax purposes. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity using the taxpayer's cost basis and a constant semiannual compounding method. Prospective purchasers of the Bonds and the Notes should consult their own tax advisors with respect to the federal, state and local income tax consequences of the disposition of and receipt of interest on the Bonds and the Notes.

## **Bond and Note Insurance**

The Town does not expect to purchase a credit enhancement facility for the Bonds and the Notes.

## II. The Issuer



### **Description of the Municipality**

The Town was originally founded in 1633 as part of Windsor and incorporated as a separate municipality in 1845. Historically, the Town has primarily been an agricultural community due to its fertile land and abundant water resources. Today, however, South Windsor affords a blend of residential living, high-tech industry and open space.

Situated just northeast of Hartford, the Town occupies 28.5 square miles, and is bounded by East Windsor and Ellington to the north, Vernon to the east, Manchester and East Hartford to the south, and the Connecticut River to the west. The Town is located equidistant from New York City and Boston and is only 20 miles south of Springfield, Massachusetts. South Windsor has immediate access to interstates 84, 91 and 291 and is only minutes from Bradley International Airport. Freight lines connect the Town to the entire northeast corridor.

Land use in South Windsor remains varied and diverse. Residential use accounts for nearly 82% of the total acreage, while commercial and industrial land use comprises approximately 18%. Major industries include aircraft electromechanical systems, optical and laser technologies, assisted living/healthcare systems, financial services and printing and graphic systems.

The Town Plan of Conservation and Development was initially adopted in 1968 with revisions in 2002, 2013 and 2014. Comprehensive zoning regulations were first adopted in 1928 and are revised on a periodic basis to reflect current development standards and practices. Both have resulted in a balanced economy, improved residential development and a stabilized tax base. The Town has embarked on some new and exciting projects that will help shape the future. One of the most critical projects is the Strategic Plan, which will identify past, present and future needs in a positive and effective manner.

The Town's modern educational facilities include four elementary schools, one middle school and one high school. There are more than a dozen local colleges and universities in the area for both undergraduate and graduate studies.

The Town has nearly 1,200 undeveloped acres of commercial and industrial land. The Town is well suited for continued growth because of its: (1) proximity to the major metropolitan areas of New York City, Boston, Springfield and Hartford, (2) immediate access to highly developed interstate highways and railways, (3) exemplary education system and (4) active search for industrial and commercial growth through its economic development program and tax incentives. It is anticipated that ongoing negotiations will bring additional employment opportunities to the Town in the future.

South Windsor has a well-balanced, economically diverse mix of businesses and light manufacturing uses, commercial office buildings, medical facilities and retail space. The number of Residential and Commercial Building Permits totaled 1,070 through December 31, 2020. Notable Economic Development included the following:

- Costco opened a 163,404 square foot retail facility with a fueling station in Evergreen Walk;
- Home Depot now occupies a 182,000 square foot warehouse facility in the I-291 Corridor Development Zone;
- Planning and Zoning Commission (“PZC”) has given approval for a 50,000 square foot retail space to be occupied by Whole Foods in Evergreen Walk. Three suites will be combined into one store-front with two tenants being relocated to other areas of the plaza;
- Construction was completed at the new Gateway Plaza East, LLC which now has a Chase Bank and Aldi Grocery Store; Phase II of this project is in the preliminary approval/design process for an additional 38,880 square feet of office space and 50,400 square feet of office space;
- The Learning Experience, a 10,000 square foot daycare center at Evergreen walk is now operational;
- Chestnut Ridge, a nineteen-lot subdivision of single-family homes on Barber Hill Road is currently under construction;
- Barry Equipment, an equipment sales, service & rental facility, is in the construction process of a 5,000 square foot building addition, 34,739 square foot storage yard and 2,463 square foot display area on John Fitch Boulevard.

### ***Form of Government***

Since 1960, the Town has been organized under the Council-Manager form of government with a Council elected at large (the "Town Council"). The legislative function is performed by a bipartisan Town Council, consisting of nine members, elected biennially for two-year terms. Minority political party representation is guaranteed in that no political party may have more than six members. The Town Council elects a Mayor from its membership to serve a two-year term. The Council appoints the Town Manager for an indefinite term. The Town Manager is the Chief Administrative Officer of the Town and serves at the pleasure of the Town Council. The Town Manager is appointed by the Town Council on the basis of professional executive training and other qualifications.

The Town Manager is directly responsible to the Town Council for planning, organizing and directing municipal activities, except schools and commissions appointed by the Town Council, and also serves as the Personnel Director.

The Town Manager appoints department heads; oversees the compliance of local laws and ordinances; provides recommendations and reports to the Town Council; prepares the annual budget and the annual report; keeps the Town Council advised on the Town's financial condition; and performs other duties prescribed by Charter, ordinance or Town Council resolution.

The Town's full time professional staff include the Town Manager, Assistant Town Manager/Director of Human Resources, Assistant Town Manager/Director of Information Technology, Director of Finance, Assessor, Collector of Revenue, Director of Public Works, Town Engineer, Director of Planning, Director of Parks and Recreation, Chief Building Official, Town Clerk, Police Chief, Library Director, Director of Youth & Family Services, Director of Adult & Senior Services, Environmental Health Officer and Fire Marshal.

## **Principal Municipal Officials**

<b>Office</b>	<b>Name</b>	<b>Term</b>	<b>Length of Service</b>
Mayor.....	Elizabeth Pendleton <sup>1</sup>	2 years - Elected	< 1 year
Deputy Mayor.....	Steven King Jr.	2 years - Elected	< 1 year
Town Council.....	Erica Evans	2 years - Elected	2 years
Town Council.....	Jamie Gamble	2 years - Elected	< 1 year
Town Council.....	Philip Koboski	2 years - Elected	< 1 year
Town Council.....	Marek Kozikowski	2 years - Elected	< 1 year
Town Council.....	Cesar Lopez	2 years - Elected	2 years
Town Council.....	Karen Lydecker	2 years - Elected	2 years
Town Council.....	Andrew Paterna	2 years - Elected	4 years
Chairman, Board of Education.....	Craig Zimmerman	2 years - Elected	7 years
Town Treasurer.....	John Pelkey	2 years - Elected	2 years
Town Manager.....	Michael Maniscalco	Appointed	2 years
Director of Finance.....	Patricia Perry	Appointed	8 years
Town Attorney.....	Murtha & Cullina	Appointed	2 years
Superintendent of Schools.....	Dr. Kate Carter	Appointed	11 years

<sup>1</sup> Ms. Pendleton served the Town as Deputy Mayor for seven years, but was recently elected Mayor in November 2021.

Source: Town Officials, Town of South Windsor.

**Town Manager:** Michael Maniscalco was appointed Town Manager in July of 2019. He is a graduate from the University of South Dakota with a Bachelor of Arts and a Masters of Public Administration in 2005 and 2008 respectively.

Mr. Maniscalco brings over a decade of government experience to the Town. He was the Administrative Manager of the Autism Program of Illinois where he oversaw the distribution of State funding to help the States 20,000 children and families affected by Autism. Mr. Maniscalco also was the Executive Director of the Logan County Economic Development Partnership where he was responsible for securing over \$1 billion in commercial investment. Most recently, Michael was the Town Manager for the Town of East Hampton, Connecticut where he led the community to receive a AAA rating from S&P; the renovation of the communities High School and the construction of a new Police Department/Town Hall.

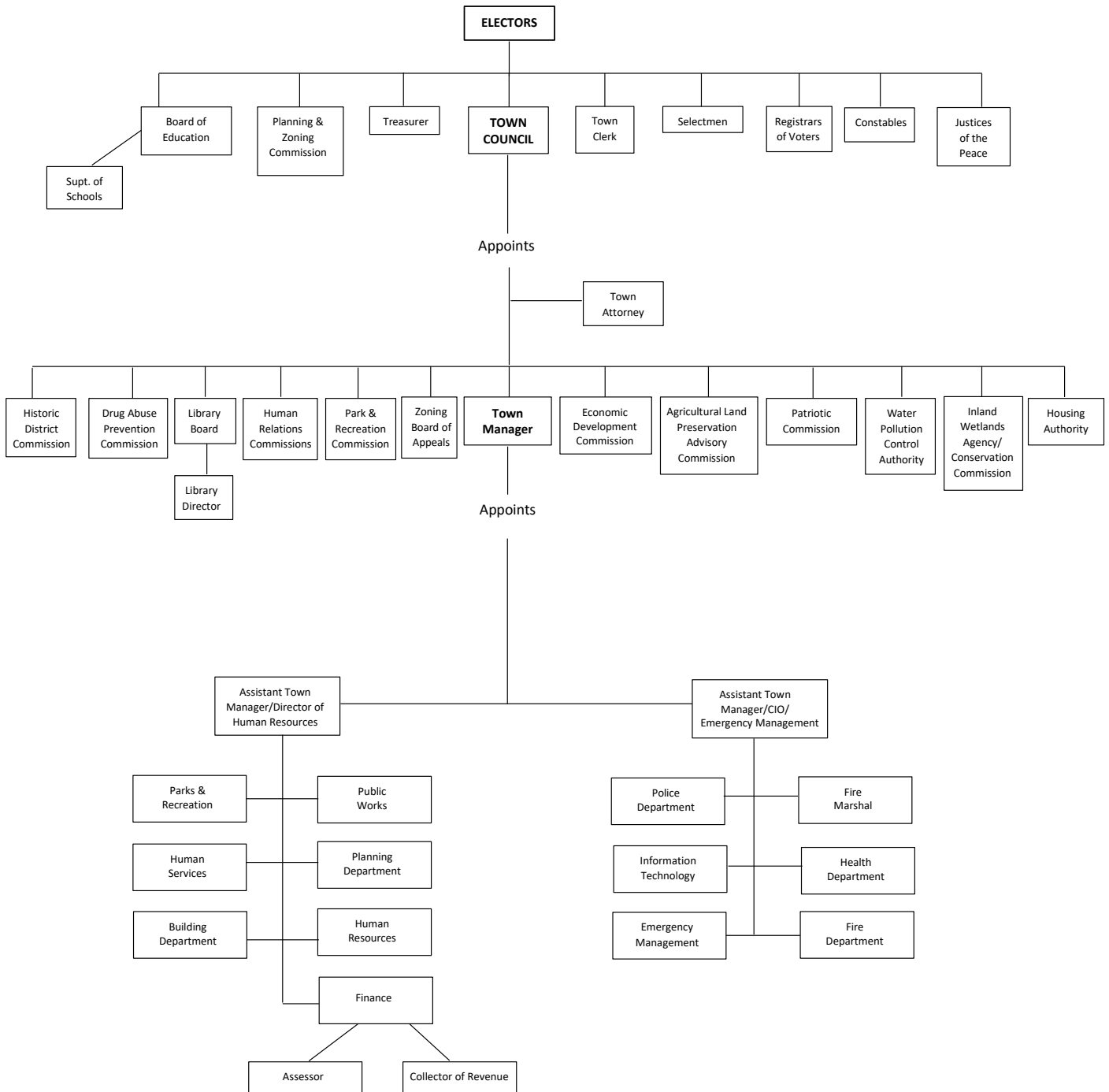
Mr. Maniscalco is a member of the International City Managers Association (ICMA). Through continued education, learning and experience he received his Credentialed Manager Certification from the ICMA.

**Superintendent of Schools:** Dr. Kate Carter began serving as Superintendent of South Windsor's Public Schools on September 1, 2010. She served as South Windsor's Assistant Superintendent of Personnel and Administration since October 2009. Prior to her work in South Windsor, Dr. Carter served as an elementary principal for Glastonbury Public Schools and a CREC magnet high school principal at Manchester Community College. Dr. Carter began her career as a high school English teacher. She has also been an adjunct English instructor at Manchester Community College. Dr. Carter has had the rare opportunity of serving as a founding principal twice in her career, first at Great Path Academy and then Nayaug Elementary School.

Dr. Carter is an active member of the South Windsor Historical Society and serves on the Board of Trustees for the Lutz Children's Museum. She earned her doctorate degree at Central Connecticut State University. She also holds a sixth-year diploma in Educational Leadership and a Master of Science degree in Education. Dr. Carter earned a Bachelor of Science degree in Environmental Conservation.

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# Organizational Chart



## **Summary of Municipal Services**

**Administrative Services:** The Administrative Services staff has the responsibility to provide accounting, risk management, employee benefits, purchasing, financial planning, data processing, and personnel services to other service units, the Council and the community. The unit also raises revenue for capital projects such as road and building construction, major renovations, and acquisition of capital equipment by securing grants and intergovernmental funding.

**Building Department:** The Building Department's main responsibility is the enforcement and compliance of the building and mechanical codes, the ordinances of the Town, and the State of Connecticut Statutes as they pertain to all new construction, renovations and alterations within South Windsor.

**Economic Development:** The Economic Development functions are handled by the Town Manager's office. The responsibilities include assisting the Economic Development Commission with the planning of projects and cooperative efforts with the business community.

**Planning Services:** The Town Planning Department assists in the approval of design work and site development plans in order to conform to Town and State standards and regulations.

**Public Works:** The Public Works Department consists of 47 personnel divided into administration, engineering, streets, public buildings and pollution control. The Department is responsible for the maintenance and repair of Town streets, buildings, and motor equipment. The engineering division reviews requests for Certificates of Occupancy and Building Permits within the Town.

**Sewer Services:** The Town Water Pollution Control Authority manages the Town-owned sewer system. Approximately 90% of developed areas of Town are served by the sewer system.

**Solid Waste Services:** The Town provides a once-a-week curbside collection of solid waste and bi-weekly collection of its recycling contracted services. The Town has contracted with All American Waste for solid waste disposal services and collection of recyclables. This agreement is in effect through June 30, 2024.

**Emergency Medical Services:** The Town's Emergency Medical Services are provided by The Ambulance Service of Manchester, LLC. Participation in mutual aid ambulance service affords paramedic assistance when required.

**Fire Services:** The Town is provided fire protection by six operating units in three strategically located fire stations. The South Windsor Volunteer Fire Department consists of 125 volunteers with eight pieces of firefighting rolling stock.

**Police Services:** The South Windsor Police Department has 45 Police Officers. The Police Department is divided into two divisions: Operations and Support Services. The Operations Division is responsible for patrol, criminal investigations, traffic safety enforcement, special operations and animal control. The Support Services Division is responsible for community outreach programs, police communications, evidence storage, vehicle impound, facility and equipment maintenance, fleet maintenance and police jail and records management. The police dispatch center serves as the Town's 24-hour public service answering point through which all 911 emergency calls are handled. Police dispatchers provide communications for police, fire and medical services.

**Health Services:** The South Windsor Health Department's primary responsibility is to promote and safeguard the environmental health of the residents of the Town. The Department consists of two full time-environmental health officers who provides for health inspections, supervision and approval of private water supplies, as well as the investigation and enforcement of pollution regulations and ordinances.

**Human Services:** The Human Services Department consists of the Adult and Senior Services and Youth and Family Services divisions. Adult and Senior Services are provided through the multi-purpose community center and include social, educational and health programs for the adult citizens. In addition, seniors are provided with nutritionally balanced meals and other outreach services to the homebound so as to maintain an independent life style to offset premature institutionalization. Youth and Family Services operate counseling and other support services for young people and families. The Town operates a five-day per week teen center for youths between the ages of 13 and 19. Also offered are preventative, educational, social and juvenile justice services.



**Library Services:** The South Windsor Public Library is governed by a six-member Board of Directors. The Library has an annual circulation of over 260,000 with a collection of over 140,000 items. A member of Library Connection, Inc. (a regional cooperative of thirty libraries in the Capitol Region and beyond), and the library extends its local offerings with databases and digital collections, as well as interlibrary loan services from libraries in the U.S. and abroad. The Library also provides meeting spaces for community groups, a gallery for art exhibitions, Wi-Fi connections, and a wide array of cultural programming. The Library is funded by the Town and is staffed by full and part-time professionals.

**Recreation Services:** A full time staff of 23 supplemented by numerous part-time specialists and over 200 volunteers provide for the supervision and management of activities that take place at 60 facilities within South Windsor, both indoors and outdoors. The Parks and Grounds division is responsible for the maintenance of all Town land and mowing of most school properties in Town.

**Water Services:** Water is provided by the Connecticut Water Company and the Metropolitan District Commission on a user fee basis.

**Electric and Natural Gas Services:** Services to the Town are provided by Eversource Energy (formerly Connecticut Light & Power, a subsidiary of Northeast Utilities).

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## Town Employees

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Education <sup>1</sup> .....	742	693	677	647	621
General Government .....	199	199	197	187	184
<b>Total</b> .....	<b>941</b>	<b>892</b>	<b>874</b>	<b>834</b>	<b>805</b>

<sup>1</sup> Excludes grant funded employees.

Source: Town of South Windsor, Finance Department

Town of South Windsor Public Schools, Personnel Department

The following is a breakdown by category of the Town's current full-time equivalent employees:

<b><u>General Government</u></b>	<b><u>Employees</u></b>
Town Manager.....	4.00
Town Hall.....	1.00
Town Council.....	1.00
Finance.....	12.00
Data Processing.....	6.00
Public Safety.....	65.00
Sanitarian.....	2.00
Public Works.....	49.00
Building Department.....	4.00
Town Clerk.....	3.00
Registrar of Voters.....	-
Human Services.....	13.00
Town Planner.....	3.00
Library.....	12.00
Parks and Recreation.....	24.00
<b>Subtotal General Government Employees.....</b>	<b>199.00</b>
<b><u>Board of Education</u></b>	
Administration and Principals.....	40.00
Teachers.....	427.00
Secretaries / Paraprofessionals.....	157.00
Nurses, LPNs, OT.....	19.00
Non-Bargaining Employees.....	53.00
Custodial / Maintenance / Courier.....	46.00
<b>Subtotal Board of Education Employees.....</b>	<b>742.00</b>
<b>Total Town Funded Employees.....</b>	<b>941.00</b>
<b><u>Enterprise and Grant Funded Employees</u></b>	
Food Service.....	31.00
Grant Funded.....	29.00
<b>Subtotal Enterprise and Grant Funded Employees....</b>	<b>60.00</b>
<b>Total Town and Board Employees.....</b>	<b>1,001.00</b>

## Municipal Employee Bargaining Units

<b>Employees</b>	<b>Organization</b>	<b>Positions Covered</b>	<b>Current Contract Expiration Date</b>
<i>Board of Education</i>			
Teachers .....	South Windsor Education Association - CEA	432	6/30/2022
Administrators .....	South Windsor School Administrators' Assoc.	26	6/30/2023
Nurses .....	South Windsor School Nurses' Assoc., CSEA	9	6/30/2024
Secretaries, Clerical and Aides ....	South Windsor Educational Support Staff Assoc., Local 1303-26, AFSCME	151	6/30/2023
School Employees (Custodial and Maintenance).....	South Windsor Facilities Staff, Local 1303-29, AFSCME	39	6/30/2024
	<b>Sub-total Education Employees.....</b>	<b>657</b>	
<i>General Government</i>			
Police Officers .....	Local 1380, Council 15, AFSCME, AFL-CIO	43	6/30/2021 <sup>1</sup>
Police Dispatchers .....	National Association of Municipal Employees, NAGE	11	6/30/2024
Public Works and Clerical.....	Local 1303, Council 4, AFSCME, AFL-CIO	30	6/30/2024
Pollution Control Operators.....	National Association of Municipal Employees, NAGE	11	6/30/2022
Town Hall Employees.....	South Windsor Town Hall, Chapter 63, Civil Service Employee Affiliates, Inc.	18	6/30/2022
Professional Union.....	Nutmeg Independent Public Safety Employees Union, NIPSEU	18	n/a <sup>2</sup>
	<b>Sub-total General Government Employees.....</b>	<b>131</b>	
	<b>Total.....</b>	<b>788</b>	

<sup>1</sup> In negotiations

<sup>2</sup> The Connecticut Department of Labor has approved the creation of a new union represented by Nutmeg Independent Public Safety Employees Union (NIPSEU) which is expected to include 18 employees. Contract negotiations are expected in the near future.

Source: Town and School Officials, Town of South Windsor

### **Binding Arbitration**

General Statutes Sections 7-473c, 7-474 and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipal entity may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capacity of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration, in assessing the financial capability of a municipality, there is an irrefutable presumption that a budget reserve of 5% or less for teachers' contracts, and 15% or less for municipal employees contracts, is not available for payment of the cost of any item subject to arbitration. In light of the employer's financial capacity, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

## Educational System

The Town's elementary school system consists of four schools for pupils in grades K through 5, one school for grades 6-8 and one high school for grades 9-12. The schools are governed by a nine-member Board of Education.

### School Facilities

<b>School</b>	<b>Grades</b>	<b>Date of Construction (Additions, Remodeling)</b>	<b>Number of Classrooms</b>	<b>10/1/2021 Enrollment</b>	<b>Rated Capacity<sup>3</sup></b>
Pleasant Valley Elementary School.....	K-5	1958 (1988, 2000, 2018)	41	642	725
Eli Terry Elementary School.....	K-5	2020	42	474	581
Philip R. Smith Elementary School.....	K-5	2020	38	451	514
Orchard Hill Elementary School.....	K-5	2017	43	642	731
Timothy Edwards Middle School <sup>1</sup> .....	PreK-5 / 6-8	1968 (1999)	109	1,236	1,425
South Windsor High School <sup>2</sup> .....	9-12	1962 (1966, 1991)	106	1,310	1,522
<b>Total.....</b>			379	4,755	5,498

<sup>1</sup> Includes 91 PreK students.

<sup>2</sup> Does not include Alternative Education/Culinary Programs operated by SWHS at 91 Ayers Road (5 Classrooms, 125 capacity).

<sup>3</sup> Rated Capacity equals number of staff and students in the building; updated by the Board of Education, January 3, 2020.

Source: Town of South Windsor, Facility Operations Department

In October 2013, the Board of Education adopted the Elementary Facilities Ten-Year Master Plan (the “Plan”) to address our five aging elementary school buildings, which range in age from 51 to 63 years old. This plan stems from a 2011-2014 Strategic Plan which called for the development of a "long-range elementary facilities plan that promotes a safe, engaging learning environment accessible to all students and community members.” The Plan calls for a three-phased approach using multiple referenda to address the Town’s elementary facilities needs over a span of ten years. Phase I consisted of consolidating five schools into four, and the new Orchard Hill School which opened in August 2017. The new building is 71,729 square feet, and houses students in grades K-5. Phase II of the Plan consists of the construction of two new K-5 schools: Philip R. Smith Elementary a 58,243 building and Eli Terry Elementary a 66,586 building. Both schools opened in August 2020 for the 2020/2021 school year. Phase III consists of the construction of a new Pleasant Valley School, a borrowing resolution for which was adopted at referendum in March of 2020 and preliminary architectural and construction work has begun.

### School Enrollment

<b>School Year</b>	<b>Historical</b>			<b>Total</b>
	<b>K-5</b>	<b>6 - 8</b>	<b>9 - 12</b>	
2012-13	1,718	1,065	1,411	4,194
2013-14	1,760	1,044	1,370	4,174
2014-15	1,753	979	1,368	4,100
2015-16	1,749	968	1,315	4,032
2016-17	1,780	965	1,326	4,071
2017-18	1,865	963	1,314	4,142
2018-19	1,980	981	1,278	4,239
2019-20	2,171	1,050	1,302	4,523
2020-21	2,075	1,078	1,291	4,444
2021-22	2,202	1,145	1,310	4,657
<b>School Year</b>	<b>Projected</b>			<b>Total</b>
	<b>K-5</b>	<b>6 - 8</b>	<b>9 - 12</b>	
2022-23	2,271	1,158	1,368	4,797
2023-24	2,317	1,211	1,381	4,909
2024-25	2,336	1,268	1,443	5,047
2025-26	2,361	1,319	1,507	5,187
2026-27	2,304	1,316	1,544	5,164

Source: Town of South Windsor, SLAM Collaborative Enrollment Report 11/2021

### III. Economic and Demographic Information

#### Population Trends

Year	Actual		
	Population <sup>1</sup>	% Increase	Density <sup>2</sup>
2020	26,918	4.7%	937.9
2010	25,709	5.3%	895.8
2000	24,412	10.5%	850.6
1990	22,090	28.4%	769.7
1980	17,198	10.5%	599.2
1970	15,563	87.4%	542.3

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

<sup>2</sup> Per square mile: 28.7 square miles.

#### Age Distribution of the Population

Age	Town of South Windsor		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years .....	1,240	4.8%	183,808	5.1%
5 to 9 years .....	1,632	6.3	198,000	5.5%
10 to 14 years .....	1,630	6.3	221,325	6.2%
15 to 19 years .....	1,870	7.2	244,249	6.8%
20 to 24 years .....	1,695	6.5	244,597	6.8%
25 to 34 years .....	2,326	9.0	441,742	12.4%
35 to 44 years .....	3,554	13.7	424,739	11.9%
45 to 54 years .....	3,687	14.2	508,428	14.2%
55 to 59 years .....	1,942	7.5	264,804	7.4%
60 to 64 years .....	1,820	7.0	242,329	6.8%
65 to 74 years .....	2,484	9.6	336,422	9.4%
75 to 84 years .....	1,331	5.1	174,887	4.9%
85 years and over .....	687	2.7	89,744	2.5%
<b>Total</b> .....	25,898	100.0%	3,575,074	100.0%

Median Age (Years) 2019..... 42.3 41.0

Source: American Community Survey 2015-2019

#### Selected Wealth and Income Indicators

	Town of South Windsor	State of Connecticut
Per Capita Income, 2019.....	\$ 47,910	\$ 44,496
Median Family Income, 2019.....	\$ 128,663	\$ 100,418
Median Household Income, 2019.....	\$ 107,088	\$ 78,444

Source: American Community Survey 2015-2019

### Income Distribution

<b>Income</b>	<b>Town of South Windsor</b>		<b>State of Connecticut</b>	
	<b>Families</b>	<b>Percent</b>	<b>Families</b>	<b>Percent</b>
\$ 0 - \$ 9,999.....	46	0.6%	27,787	3.1%
10,000 - 14,999.....	173	2.4	16,143	1.8%
15,000 - 24,999.....	63	0.9	41,072	4.6%
25,000 - 34,999.....	229	3.2	52,218	5.8%
35,000 - 49,999.....	403	5.6	82,371	9.2%
50,000 - 74,999.....	721	10.1	134,356	15.0%
75,000 - 99,999.....	736	10.3	122,244	13.6%
100,000 - 149,999.....	1,941	27.1	186,352	20.8%
150,000 - 199,999.....	1,329	18.5	100,359	11.2%
200,000 and over.....	1,531	21.3	132,765	14.8%
<b>Total.....</b>	<b>7,172</b>	<b>100.0%</b>	<b>895,667</b>	<b>100.0%</b>

Source: American Community Survey 2015-2019

### Major Employers

<b>Employer</b>	<b>Type of Business</b>	<b>Approximate Number of Employees</b>
The Town of South Windsor.....	Government and Education	941
Broadridge (formerly DST Output).....	Service	495
New England Mechanical.....	Manufacturer	368
Target Department Stores.....	Retail	250
The May Company.....	Distributor	221
Electro Methods.....	Manufacturer	203
Doosan Fuel Cell America.....	Manufacturer	193
Lowe's Home Improvement.....	Retail	160
Super Stop & Shop.....	Retail	145
Ticket Network.....	Service	141
Performance Food Group.....	Distributor	84

Source: Town of South Windsor

### Employment Statistics

<b>Period</b>	<b>Town of South Windsor</b>		<b>Percentage Unemployed</b>		
	<b>Employed</b>	<b>Unemployed</b>	<b>Town of South Windsor</b>	<b>Hartford Labor Market</b>	<b>State of Connecticut</b>
November 2021.....	13,527	530	3.8	4.8	4.8
<b>Annual Average</b>					
2020.....	13,533	828	5.8	7.0	7.3
2019.....	13,984	452	3.1	3.8	3.7
2018.....	13,861	491	3.4	4.1	4.1
2017.....	13,624	537	3.8	4.8	4.7
2016.....	13,437	594	4.1	5.1	5.3
2015.....	13,450	618	4.4	5.6	5.6
2014.....	13,799	754	5.2	6.7	6.6
2013.....	13,475	857	6.0	7.9	7.7
2012.....	13,733	933	6.3	8.4	8.3
2011.....	14,077	948	6.3	8.9	8.8

Source: Department of Labor, State of Connecticut

## Building Permits

Fiscal Year	Residential		Comm./Industrial		Total	
	No.	Value	No.	Value	No.	Value
2022 <sup>1</sup>	932	\$ 15,227,830	115	\$ 15,649,787	1,047	\$ 30,877,617
2021	2,114	30,061,176	227	43,133,925	2,341	73,195,101
2020	1,969	36,910,744	370	47,305,929	2,339	84,216,673
2019	2,004	36,413,630	153	24,016,095	2,157	60,429,725
2018	1,882	29,982,123	189	34,578,522	2,071	64,560,645
2017	1,718	31,961,731	217	7,696,398	1,935	39,658,129
2016	2,066	40,043,128	248	43,856,231	2,314	83,899,359
2015	1,760	18,414,963	208	18,683,586	1,968	37,098,549
2014	1,670	19,474,035	216	20,359,547	1,886	39,833,582
2013	1,699	11,764,966	272	32,298,182	1,971	44,063,148

<sup>1</sup> As of December 1, 2021.

Source: Town of South Windsor, Building Department

## Educational Attainment

	Town of South Windsor		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	173	1.0%	99,837	4.0%
9th to 12th grade.....	422	2.4	132,826	5.3
High School graduate.....	4,025	22.6	666,828	26.9
Some college, no degree.....	2,770	15.5	416,175	16.8
Associate's degree .....	1,636	9.2	191,964	7.7
Bachelor's degree.....	4,466	25.0	541,380	21.8
Graduate or professional degree.....	4,339	24.3	434,085	17.5
<b>Total.....</b>	<b>17,831</b>	<b>100.0%</b>	<b>2,483,095</b>	<b>100.0%</b>
Total high school graduate or higher (%).....		96.7%		90.6%
Total bachelor's degree or higher (%).....		49.4%		39.3%

Source: American Community Survey 2015-2019

## Age Distribution of Housing

Year Built	Town of South Windsor		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	468	4.5%	334,845	22.1%
1940 to 1969.....	3,139	30.5	532,280	35.1
1970 to 1979.....	1,709	16.6	203,700	13.4
1980 to 1989.....	2,410	23.4	188,655	12.4
1990 to 1999.....	1,279	12.4	116,028	7.7
2000 or 2009.....	903	8.8	103,075	6.8
2010 or later.....	378	3.7	38,046	2.5
<b>Total Housing Units .....</b>	<b>10,286</b>	<b>100.0%</b>	<b>1,516,629</b>	<b>100.0%</b>

Source: American Community Survey 2015-2019

## Housing Inventory

<b>Housing Units</b>	<b>Town of South Windsor</b>		<b>State of Connecticut</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
1-unit, detached.....	7,374	71.7%	893,531	58.9%
1-unit, attached.....	834	8.1	81,832	5.4
2 units.....	134	1.3	124,082	8.2
3 or 4 units.....	142	1.4	130,863	8.6
5 to 9 units.....	685	6.7	82,695	5.5
10 to 19 units.....	533	5.2	57,281	3.8
20 or more units.....	493	4.8	134,093	8.8
Mobile home.....	91	0.9	11,826	0.8
Boat, RV, van, etc.....	-	-	426	0.0
<b>Total Inventory.....</b>	<b>10,286</b>	<b>100.0%</b>	<b>1,516,629</b>	<b>100.0%</b>

Source: American Community Survey 2015-2019

## Owner Occupied Housing Values

<b>Specified Owner-Occupied Units</b>	<b>Town of South Windsor</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than \$50,000.....	161	2.0%	17,522	1.9%
\$50,000 to \$99,000.....	237	2.9	28,440	3.1
\$100,000 to \$149,999.....	454	5.5	78,467	8.7
\$150,000 to \$199,000.....	762	9.3	137,944	15.2
\$200,000 to \$299,999.....	2,927	35.7	248,431	27.4
\$300,000 to \$499,999.....	3,028	36.9	244,855	27.0
\$500,000 to \$999,999.....	600	7.3	107,504	11.9
\$1,000,000 or more.....	31	0.4	42,518	4.7
<b>Total.....</b>	<b>8,200</b>	<b>100.0%</b>	<b>905,681</b>	<b>100.0%</b>
<b>Median Value.....</b>	<b>\$287,100</b>		<b>\$275,400</b>	

Source: American Community Survey 2015-2019

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## **IV. Tax Base Data**

### **Assessment Practices**

The Town had a general property revaluation by inspection of all real estate, effective on the Grand List of October 1, 2017. Under Section 12-62 of the General Statutes the Town must perform a revaluation every five years and the assessor must fully inspect each parcel, including measuring or verifying the exterior dimensions of a building and entering and examining the interior of the building, once every ten years. Section 12-62 also imposes a penalty on municipalities that fail to effect revaluations as required, with certain exceptions. Municipalities may choose to phase-in real property assessment increases resulting from a revaluation, but such phase-in must be implemented in less than five assessment years. The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the Town for inclusion on the Grand List are the responsibilities of the Assessor's Office. The Grand List represents the total of assessed values for all taxable real and personal property and motor vehicles located within the Town on October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments for real property are computed at 70 percent of the estimated market value at the time of the last general revaluation.

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

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

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle tax rate at 39.00 mills for the assessment year commencing October 1, 2016, and 45.00 mills for the assessment year commencing October 1, 2017, and each assessment year thereafter. Section 4-66l of the General Statutes, as amended, diverts a portion of State collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The Town's motor vehicle tax rates for the current 2020 assessment year (the fiscal year ending June 30, 2022) is 37.86 mills.

Motor vehicle lists are furnished to the Town by the State of Connecticut Department of Motor Vehicles and appraisals of motor vehicles are valued in accordance with an automobile price schedule recommended by the State of Connecticut Office of Policy and Management. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the proration is based on the number of months of ownership between October 1 and the following July 31. Motor vehicles purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October 1 Grand List, the taxpayer is entitled to certain credits. Assessments for motor vehicles are computed at 70 percent of the annual appraisal of market value.

### **Tax Collection Procedures**

Taxes for the fiscal year are paid on the grand list of the prior October 1, and are due July 1, payable in two installments, one half on July 1 and one half on January 1. Payments not received by August 1 and February 1 become delinquent.

According to the provisions of Section 12-145 of the Connecticut General Statutes and applicable to property taxes due on or after said date, delinquent property taxes were subject to interest at the rate of 1.5% per month. Real estate is liened for delinquent taxes within one year after the tax due date.

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

### Property Tax Levy and Collection

<b>Grand List of 10/1</b>	<b>Fiscal Year Ending 6/30</b>	<b>Net Taxable Grand List</b>	<b>Mill Rate</b>	<b>Adjusted Annual Levy</b>	<b>Percent of Annual Levy Collected at End of Fiscal Year</b>	<b>Percent of Annual Levy Uncollected at End of Fiscal Year</b>	<b>Percent of Annual Levy Uncollected as of 6/30/2021</b>
2020	2022 <sup>1</sup>	\$ 2,957,851,058	37.86	\$ 111,965,831	<i>In collection</i>		
2019	2021	2,853,993,034	37.88	107,726,960	99.2	0.8	0.8
2018	2020	2,769,082,939	38.50	104,956,457	99.3	0.7	0.3
2017 <sup>2</sup>	2019	2,748,845,292	37.67	101,742,456	99.2	0.8	0.2
2016	2018	2,602,708,150	38.08	99,320,301	98.9	1.1	0.1
2015	2017	2,546,423,871	37.34	95,502,761	98.6	1.4	0.6
2014	2016	2,501,567,051	36.54	91,894,135	98.9	1.1	0.4
2013	2015	2,506,427,581	35.51	89,399,738	98.4	1.6	0.3
2012 <sup>2</sup>	2014	2,468,393,038	34.90	86,279,650	98.6	1.4	0.4
2011	2013	2,771,296,551	29.43	81,652,659	98.7	1.3	0.3

<sup>1</sup> Unaudited.

<sup>2</sup> Revaluation.

Source: Town of South Windsor, Tax Collector

### Comparative Assessed Valuations

<b>Grand List As Of 10/1</b>	<b>Real Property (%)</b>	<b>Personal Property (%)</b>	<b>Motor Vehicles (%)</b>	<b>Gross Taxable Grand List</b>	<b>Exemptions, Veterans Relief and Disabled</b>	<b>Net Taxable Grand List</b>	<b>Percent Change</b>
2020	77.2%	14.6%	8.1%	\$ 3,136,027,716	\$ 178,176,658	\$ 2,957,851,058	3.64%
2019	78.1%	13.8%	8.1%	3,030,171,648	176,178,614	2,853,993,034	3.07%
2018	79.8%	12.6%	7.5%	3,117,456,791	348,373,852	2,769,082,939	0.74%
2017 <sup>1</sup>	80.1%	12.4%	7.5%	3,070,607,438	321,762,146	2,748,845,292	5.61%
2016	80.6%	11.7%	7.7%	2,920,980,194	318,272,044	2,602,708,150	2.21%
2015	81.5%	10.3%	8.2%	2,650,773,881	104,350,010	2,546,423,871	1.79%
2014	81.7%	10.0%	8.3%	2,614,293,671	112,726,620	2,501,567,051	-0.19%
2013	80.8%	11.0%	8.3%	2,625,621,910	119,194,329	2,506,427,581	1.54%
2012 <sup>1</sup>	81.9%	10.0%	8.0%	2,579,737,796	111,344,758	2,468,393,038	-10.93%
2011	84.3%	8.5%	7.2%	2,892,351,890	121,055,339	2,771,296,551	1.12%

<sup>1</sup> Revaluation.

Source: Town of South Windsor, Assessor's Office

## Ten Largest Taxpayers

<b>Name of Taxpayer</b>	<b>Nature of Business</b>	<b>Taxable Valuation</b>	<b>Percent of Net Taxable Grand List <sup>1</sup></b>
Eversource.....	Utility	\$ 121,010,110	4.09%
Evergreen Walk Lifestyle Center.....	Real Estate	31,928,600	1.08%
Aldi Inc.....	Distribution	29,345,384	0.99%
Evergreen Crossing (Retirement Comm).....	Real Estate	28,961,140	0.98%
Suri Realty LLC (dba Carla's Pasta).....	Retail	23,457,230	0.79%
FEM Sullivan Road LLC.....	Distribution	20,908,730	0.71%
Doosan Fuel Cell America, Inc.....	Real Estate	16,872,460	0.57%
Yankee Gas Services Co.....	Utility	16,567,610	0.56%
South Windsor Developers.....	Retail	13,245,970	0.45%
Town Center of South Windsor.....	Retail	13,023,700	0.44%
<b>Total.....</b>		<b>\$ 315,320,934</b>	<b>10.66%</b>

<sup>1</sup> Net Taxable Grand List October 1, 2020 of \$2,957,851,058.

Source: Town of South Windsor, Assessor's Office

Connecticut General Statutes Section 4-661, as amended (“Section 4-661”), creates certain disincentives on increasing adopted budget expenditures for municipalities in Connecticut. Beginning in fiscal year 2018, the Office of Policy and Management (“OPM”) must reduce the amount of the municipal revenue sharing grant for those municipalities whose increase in its adopted budget expenditures, with certain exceptions, exceeds the previous fiscal year by 2.5% or more or the rate of inflation, whichever is greater (the “expenditure cap”). The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar by which the municipality’s adopted budget exceeds the expenditure cap. A municipality whose population increased from the previous fiscal year, as determined by OPM, may increase its adopted budget expenditures over the expenditure cap by an amount proportionate to its population growth. Section 4-661 requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the expenditure cap, and if so, the amount by which the expenditure cap was exceeded. For fiscal years ending June 30, 2022 and June 30, 2023, the Town will not receive municipal revenue sharing grant moneys from the State.

Under Section 4-661, municipal spending does not include expenditures: (i) for debt service, special education, or costs to implement court orders or arbitration awards; (ii) associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; (iii) for any municipal revenue sharing grant the municipality disburses to a district; or (iv) budgeting for an audited deficit, non-recurring grants, capital expenditures or payments on unfunded pension liabilities.

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## V. Debt Summary

### Principal Amount of Bonded Indebtedness As of February 11, 2022 (Pro Forma)

**Long-Term Debt:**<sup>1</sup>

<b>Date</b>	<b>Purpose</b>	<b>Interest Rate Range</b>	<b>Original Issue</b>	<b>Amount Outstanding</b>	<b>Fiscal Year of Maturity</b>
11/30/05	Clean Water Fund .....	2.00	402,727	78,040	2025
01/01/07	Clean Water Fund .....	2.00	1,568,029	398,324	2027
02/21/12	General Purpose .....	1.00-2.00	2,000,000	200,000	2022
06/04/14	General Purpose Refunding - Series B.....	2.00-5.00	4,222,000	490,000	2023
02/17/16	General Purpose .....	2.00-5.00	3,000,000	160,000	2023
02/17/16	Schools .....	2.00-5.00	1,300,000	65,000	2023
02/16/17	General Purpose - Series A .....	2.00-5.00	4,000,000	2,490,000	2033
02/16/17	Schools - Series A .....	2.00-5.00	7,860,000	5,325,000	2033
08/24/17	General Purpose Refunding - Series B.....	2.00-4.00	1,862,000	1,510,000	2034
08/24/17	Schools Refunding - Series B.....	2.00-4.00	702,000	569,000	2034
08/24/17	Sewer Refunding - Series B.....	2.00-4.00	1,561,000	1,266,000	2034
02/15/18	General Purpose .....	3.00-5.00	4,000,000	3,580,000	2038
02/15/18	Schools .....	3.00-5.00	7,500,000	6,365,000	2038
02/14/19	General Purpose - Series A .....	2.00-5.00	750,000	645,000	2039
02/14/19	Schools - Series A .....	2.00-5.00	4,500,000	3,855,000	2039
06/27/19	General Purpose Refunding - Series B.....	3.00-5.00	9,155,000	7,715,000	2031
02/15/20	Schools .....	2.00-5.00	13,500,000	12,150,000	2040
02/12/21	General Purpose .....	1.00-4.00	4,000,000	3,800,000	2041
02/12/21	Schools .....	1.00-4.00	23,000,000	21,850,000	2041
03/30/21	General Purpose Refunding - Series B.....	2.00-4.00	1,393,000	1,303,000	2035
03/30/21	Schools Refunding - Series B.....	2.00-4.00	2,240,000	2,060,000	2035
03/30/21	Sewer Refunding - Series B.....	2.00-4.00	15,477,000	13,977,000	2033
	<b>Sub-Total .....</b>		<b>\$ 113,992,756</b>	<b>\$ 89,851,364</b>	
<b>This Issue</b>					
02/11/22	General Purpose - Series A .....	<i>tbd</i>	\$ 5,000,000	\$ 5,000,000	2042
02/11/22	Schools - Series A .....	<i>tbd</i>	15,000,000	15,000,000	2042
02/11/22	General Purpose Refunding - Series B*....	<i>tbd</i>	2,164,000	2,164,000	2036
02/11/22	Schools Refunding - Series B*.....	<i>tbd</i>	961,000	961,000	2036
	<b>Sub-Total This Issue.....</b>		<b>\$ 23,125,000</b>	<b>\$ 23,125,000</b>	
	<b>Grand Total.....</b>		<b>\$ 137,117,756</b>	<b>\$ 112,976,364</b>	

<sup>1</sup> Excludes bonds previously refunded or defeased.

### Short-Term Debt As of February 11, 2022 (Pro Forma)

<b>Project</b>	<b>Amount Authorized</b>	<b>Notes Due: 2/10/2023</b>
2018 - Road/Various Public Improvements...	\$ 15,000,000	\$ 3,000,000
Pleasant Valley Elementary School.....	58,500,000	10,000,000
2021 - Various Public Improvements.....	9,340,000	1,000,000
<b>Total.....</b>	<b>\$ 82,840,000</b>	<b>\$ 14,000,000</b>

\* Preliminary, subject to change.

**Annual Bonded Debt Maturity Schedule**  
**As of February 11, 2022**  
**(Pro Forma)**

Fiscal Year Ended 6/30	Principal Payments <sup>1</sup>	Interest Payments	Total Debt Service <sup>1</sup>	This Issue:			Total Principal	Cumulative Principal Retired %
				Series A New Money	Series B Refunding*	Total This Issue:		
2022 <sup>2</sup>	\$ 2,013,324	\$ 656,191	\$ 2,669,515	\$ -	\$ -	\$ -	\$ 2,013,324	1.8%
2023	6,570,775	2,600,621	9,171,396	1,000,000	210,000	1,210,000	7,780,775	8.7%
2024	6,283,011	2,299,133	8,582,144	1,000,000	215,000	1,215,000	7,498,011	15.3%
2025	6,228,274	2,044,576	8,272,850	1,000,000	215,000	1,215,000	7,443,274	21.9%
2026	6,303,135	1,791,113	8,094,247	1,000,000	220,000	1,220,000	7,523,135	28.6%
2027	6,257,846	1,536,069	7,793,915	1,000,000	220,000	1,220,000	7,477,846	35.2%
2028	6,565,000	1,302,744	7,867,744	1,000,000	225,000	1,225,000	7,790,000	42.1%
2029	6,130,000	1,103,856	7,233,856	1,000,000	225,000	1,225,000	7,355,000	48.6%
2030	6,190,000	936,744	7,126,744	1,000,000	225,000	1,225,000	7,415,000	55.1%
2031	6,210,000	779,331	6,989,331	1,000,000	225,000	1,225,000	7,435,000	61.7%
2032	5,710,000	651,556	6,361,556	1,000,000	230,000	1,230,000	6,940,000	67.9%
2033	4,465,000	544,119	5,009,119	1,000,000	225,000	1,225,000	5,690,000	72.9%
2034	3,445,000	450,238	3,895,238	1,000,000	225,000	1,225,000	4,670,000	77.0%
2035	3,150,000	381,994	3,531,994	1,000,000	220,000	1,220,000	4,370,000	80.9%
2036	2,885,000	317,988	3,202,988	1,000,000	245,000	1,245,000	4,130,000	84.6%
2037	2,885,000	255,444	3,140,444	1,000,000	-	1,000,000	3,885,000	88.0%
2038	2,885,000	190,869	3,075,869	1,000,000	-	1,000,000	3,885,000	91.4%
2039	2,300,000	120,156	2,420,156	1,000,000	-	1,000,000	3,300,000	94.4%
2040	2,025,000	69,188	2,094,188	1,000,000	-	1,000,000	3,025,000	97.0%
2041	1,350,000	27,000	1,377,000	1,000,000	-	1,000,000	2,350,000	99.1%
2042	-	-	-	1,000,000	-	1,000,000	1,000,000	100.0%
<b>Total.....</b>	<b>\$ 89,851,364</b>	<b>\$ 18,058,928</b>	<b>\$ 107,910,291</b>	<b>\$ 20,000,000</b>	<b>\$ 3,125,000</b>	<b>\$ 23,125,000</b>	<b>\$ 112,976,364</b>	

<sup>1</sup> Includes all bonded debt and State of Connecticut Drinking Water Fund loans.

<sup>2</sup> Does not include \$5,114,261 in principal and \$2,270,865 in interest paid between July 1, 2021 and February 11, 2022.

Source: Finance Office, Town of South Windsor, CT.

\* Preliminary, subject to change.

### Overlapping/Underlying Debt

The Town has no overlapping or underlying debt.

### Capital Leases

The Town has outstanding Lease Agreements in the amount of \$3,058,540 as of June 30, 2021. These payments are not included in the outstanding bonded debt. (See Appendix A – "Audited Financial Statements").

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

**Debt Statement**  
**As of February 11, 2022**  
**(Pro Forma)**

<b>Long-Term Debt Outstanding:</b>	
General Purpose (Includes This Issue*).....	\$ 29,057,000
Schools (Includes This Issue*).....	68,200,000
Sewers.....	15,719,364
<b>Total Long-Term Debt</b> .....	<b>112,976,364</b>
<b>Short-Term Debt</b> (Note Maturing: 2/10/2023).....	<b>14,000,000</b>
<b>Direct Debt</b> .....	<b>126,976,364</b>
<b>Underlying Debt</b> .....	<b>-</b>
<b>Total Overall Debt</b> .....	<b>126,976,364</b>
Less: Self-Supporting Sewer Debt.....	(1,742,364)
<b>Total Overall Net Debt</b> .....	<b>\$ 125,234,000</b>

Note: Excludes capital leases and Authorized but Unissued Debt.

**Current Debt Ratios\***  
**As of February 11, 2022**  
**(Pro Forma)**

Population (2020) <sup>1</sup> .....	26,918
Net Taxable Grand List (10/1/20) .....	\$ 2,957,851,058
Estimated Full Value (70%).....	\$ 4,225,501,511
Equalized Grand List (10/1/19) <sup>2</sup> .....	\$ 4,477,495,898
Money Income per Capita (2019) <sup>1</sup> .....	\$47,910

	<b>Total</b>	<b>Total Overall</b>
	<b>Overall Debt</b>	<b>Net Debt</b>
	<b>\$126,976,364</b>	<b>\$125,234,000</b>
Per Capita.....	\$ 4,717.15	\$ 4,652.43
Ratio to Net Taxable Grand List.....	4.29%	4.23%
Ratio to Estimated Full Value.....	3.01%	2.96%
Ratio to Equalized Grand List.....	2.84%	2.80%
Debt per Capita to Money Income per Capita (2019).....	9.85%	9.71%

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

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

\* Preliminary, subject to change.

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## **Clean Water Fund Program**

The Town is a participant in the State of Connecticut Clean Water Fund Program (Connecticut General Statutes Section 22a-475 et seq., as amended) which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs (with the exception of combined sewer overflow correction projects which are financed with a 50% grant and a 50% loan, and denitrification projects which are funded by a 30% grant and a 70% loan.)

Loans to each municipality are made pursuant to Project Grant and Project Loan Agreements ("Loan Agreement"). Each municipality is obligated to repay only that amount which it draws down for the payment of project costs ("Interim Funding Obligation"). Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality, and/or a dedicated source of revenue of such municipality. The Town currently has four PLO's outstanding which are secured solely by a pledge of sewer assessments and sewer use charges.

Amortization of each loan is required to begin one year from the earlier of the project completion date specified in the Loan Agreement or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are made (1) in equal monthly installments commencing one month after the project completion date, or (2) in single annual installments representing 1/20 of total principal not later than one year from the project completion date specified in the Loan Agreement repayable thereafter in monthly installments. Loans made under loan agreements entered into prior to July 1, 1989 are repayable in annual installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may repay their loans at any time prior to maturity without penalty.

The Town has the following Clean Water Fund loans outstanding:

<b>Project</b>	<b>Original Issue</b>	<b>Amount Outstanding as of February 11, 2022</b>
CWF 109-CSL.....	2006	\$ 78,040
CWF 135-CSL.....	2007	398,324
<b>Total.....</b>		<b>\$ 476,364</b>

## **Legal Requirements for Approval of Borrowing**

The Town has the power to incur indebtedness by issuing its bonds or notes as authorized by the General Statutes of the State of Connecticut subject to statutory debt limitations and the requirements of the Town Charter for the authorization of indebtedness. Pursuant to the Town Charter, no resolution authorizing the issuance of bonds or notes shall become effective until the same has been approved by a referendum called by the Town Council for such purpose. Refunding bonds are authorized by resolution of the Town Council.

## **Temporary Financing**

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable and the legislative body schedules principal reductions starting at the end of the third and continuing in each subsequent year during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for school and sewer projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years, or, for school and sewer projects, by the amount of time temporary financing has been outstanding.

Temporary notes must be permanently funded no later than ten years from the initial borrowing date except for school and sewer notes issued in anticipation of State and/or Federal grants. If a written commitment exists, the municipality may renew the notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to fifteen years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment. Temporary notes may be issued in one year maturities for up to fifteen years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

**Limitation of Indebtedness**

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

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

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

The CGS also provide for exclusion from the debt limit calculation debt (i) issued in anticipation of taxes; (ii) issued for the supply of water, gas, electricity, electric demand response, conservation and load management, distributed generation and renewable energy projects; for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes; for the construction and operation of a municipal community antenna television system and for two or more of such purposes; (iii) issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement; (iv) issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment or for which allocation has been approved by the State Bond Commission or from a contract with the state, state agencies or another municipality providing for the reimbursement of costs but only to the extent such indebtedness can be paid from such proceeds; (v) issued for certain water pollution control projects; and (vi) upon placement in an escrow of the proceeds of refunding bonds, notes or other obligations or other funds of the municipality in an amount sufficient to provide for the payment when due of principal of and interest on such bond, note or other evidence of indebtedness.

**School Projects**

Pursuant to Section 10-287i of the Connecticut General Statutes, the State of Connecticut will provide proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996. State grants will be paid directly to the municipality after it submits its request for progress payments, and accordingly, the municipality will issue its bonds only for the net share of project costs. Under the current program, the State of Connecticut will make proportional progress payments for eligible construction costs during certain phases of construction.

<b>Project</b>	<b>Amount of Total Authorization</b>	<b>Estimated Non-Reimbursable Costs</b>	<b>Estimated Eligible Costs for Reimbursement</b>	<b>Estimated Reimbursement Rate</b>	<b>Estimated Grant</b>
Orchard Hill Elementary School.....	\$ 33,521,724	\$ 2,558,650	\$ 29,702,144	34.64%	\$ 11,518,946
Eli Terry Elementary School.....	37,419,060	2,483,582	33,805,463	37.14%	12,836,312
Philip R. Smith Elementary School.....	32,480,940	2,109,407	29,645,859	37.14%	11,166,416
Pleasant Valley Elementary School.....	58,500,000	2,925,000	55,575,000	37.86%	21,040,695
<b>Total.....</b>	<b>\$ 161,921,724</b>	<b>\$ 10,076,639</b>	<b>\$ 148,728,466</b>		<b>\$ 56,562,369</b>

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**Statement of Debt Limitation  
As of February 11, 2022  
(Pro Forma)**

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

Received by the Treasurer as of June 30, 2021 ..... \$ 108,690,307

**Reimbursement For Revenue Loss:**

Elderly tax freeze and homeowners' grants ..... -

**Base for Debt Limitation Computation**..... \$ 108,690,307

	<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Unfunded Pension</b>
<b>Debt Limitation:</b>					
2 1/4 times base.....	\$ 244,553,191	-	-	-	-
4 1/2 times base.....	-	\$ 489,106,382	-	-	-
3 3/4 times base.....	-	-	\$ 407,588,651	-	-
3 1/4 times base.....	-	-	-	\$ 353,243,498	-
3 times base.....	-	-	-	-	\$ 326,070,921
<b>Total Debt Limitation</b> .....	\$ 244,553,191	\$ 489,106,382	\$ 407,588,651	\$ 353,243,498	\$ 326,070,921

**Indebtedness:**

Bonds Outstanding .....	\$ 21,893,000	\$ 52,239,000	\$ 15,719,364	\$ -	\$ -
Bonds – This Issue - Series A.....	5,000,000	15,000,000	-	-	-
Bonds – This Issue - Series B*.....	2,164,000	961,000	-	-	-
Short-Term Debt .....	4,000,000	10,000,000	-	-	-
Clean Water Fund <sup>1</sup> .....	-	-	476,364	-	-
Debt Authorized But Unissued.....	26,665,995	48,853,012	-	-	-
<b>Total Indebtedness</b> .....	59,722,995	127,053,012	16,195,727	-	-

Less:

Self Supporting Sewer Debt..... - - (15,719,364) - -

**Total Net Indebtedness**..... 59,722,995 127,053,012 476,364 - -

**DEBT LIMITATION IN EXCESS**

**OF OUTSTANDING INDEBTEDNESS**.... \$ 184,830,196 \$ 362,053,370 \$ 407,112,288 \$ 353,243,498 \$ 326,070,921

<sup>1</sup> The Town expects that the debt service will be paid by a combination of sewer assessments and sewer use charges receivable. (See "Clean Water Fund Program" herein.)

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$760,832,149.

\* Preliminary, subject to change.

**Debt Authorized but Unissued  
As of February 11, 2022  
(Pro Forma)**

Project	Amount Authorized	Previously Bonded	Grants / Paydowns	Maturing Notes Due: 2/11/2022	This Issue:		Authorized But Unissued Debt
					Notes Due: 2/10/2023	Series A Bonds	
Open Space Acquisitions (2009).....	\$ 2,000,000	\$ 400,000	\$ -	\$ -	\$ -	\$ -	\$ 1,600,000
Water Pollution Control Facility .....	47,000,000	27,516,583	(7,760,005)	-	-	-	11,723,412 <sup>1</sup>
Orchard Hill Elementary School.....	33,521,724	20,000,000	(11,518,646)	-	-	1,200,000	803,078 <sup>2,3</sup>
2014 - Road/Drainage Improvements.....	12,000,000	11,350,000	(647,417)	-	-	-	2,583 <sup>3</sup>
Eli Terry Elementary School.....	37,419,060	20,500,000	(11,009,401)	-	-	2,500,000	3,409,659 <sup>2</sup>
Philip R. Smith Elementary School.....	32,480,940	16,000,000	(9,040,665)	-	-	3,600,000	3,840,275 <sup>2</sup>
2018 - Road/Various Public Improvements...	15,000,000	4,000,000	-	5,000,000	3,000,000	5,000,000	3,000,000
Open Space Acquisitions (2018).....	2,000,000	-	-	-	-	-	2,000,000
Pleasant Valley Elementary School.....	58,500,000	-	-	1,000,000	10,000,000	7,700,000	40,800,000 <sup>2</sup>
2021 - Various Public Improvements.....	9,340,000	-	-	-	1,000,000	-	8,340,000
2021 - Police Locker Room.....	500,000	-	-	-	-	-	500,000
<b>Total</b> .....	\$ 249,761,724	\$ 99,766,583	\$ (39,976,134)	\$ 6,000,000	\$ 14,000,000	\$ 20,000,000	\$ 76,019,007

<sup>1</sup> The Town does not anticipate issuing any additional debt for the project.

<sup>2</sup> It is estimated that the Town will receive State of Connecticut School Construction grant progress payments in the amount of \$56,562,369 during the construction of the projects. As of December 31, 2021, the Town has received progress payments in the amount of \$11,518,646 for the Orchard Hill Elementary School Project, \$10,700,032 for the Eli Terry Elementary School Project and \$8,731,296 for Philip R. Smith Elementary School Project. (See "School Projects" herein).

<sup>3</sup> Authorized but unissued amounts also reduced for the transfer of unexpended bond proceeds to these projects.

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

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Net Long-Term Debt	Ratio of Net Long-Term Debt to Assessed Value (%)	Ratio of Net Long-Term Debt to Estimated Full Value (%)	Population <sup>2</sup>	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Per Capita Income <sup>3</sup>
				Value (%)	Value (%)		Capita	Income <sup>3</sup>
2021 <sup>4</sup>	\$ 2,853,993,034	\$ 4,077,132,906	\$ 97,590,000	3.42%	2.39%	26,918	\$ 3,625.46	7.57%
2020	2,769,082,939	3,955,832,770	79,471,584	2.87%	2.01%	26,918	2,952.36	6.16%
2019	2,748,845,292	3,926,921,846	71,571,146	2.60%	1.82%	26,918	2,658.86	5.55%
2018	2,602,708,150	3,718,154,500	72,677,127	2.79%	1.95%	26,918	2,699.95	5.64%
2017	2,546,423,871	3,637,748,387	67,925,093	2.67%	1.87%	26,918	2,523.41	5.27%

<sup>1</sup> Long-Term debt includes State of Connecticut Clean Water Fund Loans and Water debt.

<sup>2</sup> US Census Bureau, 2020.

<sup>3</sup> American Community Survey 2015-2019 estimate: \$47,910.

Source: Town of South Windsor, Department of Finance and Annual Audited Financial Statements.

### Principal Amount of Outstanding Debt

<u>Long-Term Debt</u>	2021	2020	2019	2018	2017
Bonds.....	\$ 97,590,000	\$ 79,471,584	\$ 71,571,146	\$ 72,677,127	\$ 67,925,093
<u>Short-Term Debt</u>					
Bond Anticipation Notes...	6,000,000	18,000,000	16,000,000	4,850,000	16,000,000
<b>Totals.....</b>	<b>\$ 103,590,000</b>	<b>\$ 97,471,584</b>	<b>\$ 87,571,146</b>	<b>\$ 77,527,127</b>	<b>\$ 83,925,093</b>

Source: Town of South Windsor Financial Reports 2017-2020.

### Ratio of Debt Service to General Fund Expenditures (Includes Transfers Out)

Fiscal Year Ended 6/30	Total Debt Service	Total General Fund Expenditures <sup>1</sup>	Ratio of Total Debt Service to General Fund Expenditures
2022	\$ 10,584,405	\$ 139,016,788 <sup>2</sup>	7.61%
2021	9,630,075	135,667,497	7.10%
2020	8,693,319	128,734,942	6.75%
2019	8,264,684	119,738,463	6.90%
2018	8,363,179	127,166,867	6.58%
2017	7,365,581	124,725,742	5.91%
2016	6,874,897	114,068,539	6.03%

<sup>1</sup> Includes transfers out.

<sup>2</sup> For comparability with audited years, an estimate of \$11,050,000 has been included for the State of Connecticut Teacher's On-behalf payments for Pension and OPEB.

Source: Town of South Windsor Financial Statements 2016-2020. 2021 (Budgeted).

## **VI. Financial Administration**

### **Fiscal Year**

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

### **Accounting Policies**

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

### **Basis of Accounting**

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

### **Budgetary Procedures**

The Town follows the following procedure in establishing the budgetary data included in the General Fund and certain Special Revenue Funds financial statements. No later than March 22<sup>nd</sup> the Town Manager shall present to the Town Council a budget and recommendations. The Town Council shall hold one or more public hearings no later than May 7<sup>th</sup>, at which time any elector or taxpayer may be heard regarding appropriations for the ensuing fiscal year. By May 22<sup>nd</sup>, the Town Council submits to the annual Town Meeting proposed expenditures and the means of financing them. Per the Connecticut General Statutes the annual Town Meeting may be adjourned to a referendum vote within 14 days of the Town Meeting date.

<u>On or About</u>	<u>Action</u>
Prior to March 15	The Board of Education submits to the Town Council a proposed budget for the fiscal year commencing the following July 1.
Prior to March 22	The Town Manager submits to the Town Council a proposed operating budget for General Government for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
By April 15	The Town Council must have the Board of Education budget available to the public.
By April 27	The Town Council must have the General Government budget available to the public.
By April 30	Public hearings are conducted on the Board of Education budget.
By May 7	Public hearings are conducted on the General Government budget.
May 15	Approval of the budget of the Board of Education shall be legally enacted.
May 22	Approval of the General Government budget and the total Town budget shall be legally enacted.

The Town used a modified adoption process for the FY 22 budget due to COVID-19 and as permitted by Executive Orders of the Governor of the State. The budget was presented by the Town Manager on March 22, 2021 at a remote meeting of the Town Council. All workshops and public hearings were conducted remotely with public input received via phone or email. The budget was adopted on May 3, 2021 during a meeting of the Town Council held remotely.

All unencumbered appropriations lapse at fiscal year-end, except those for the Capital Projects Fund and certain special revenue grants. Appropriations for capital projects are continued until completion of applicable projects, or no expenditure from or encumbrance of the appropriation has been made for three consecutive years.

## Annual Audit

Pursuant to the provisions as delineated in the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes), the Town is obligated to undergo an annual examination by an independent certified public accountant. The firm of CliftonLarsonAllen LLP (CLA), of West Hartford, Connecticut, is the auditor, and is required to conduct an examination under the guidelines issued by the State of Connecticut, Office of Policy & Management, who receive a copy of said audit report when completed.

The most recent audited report covers the fiscal year ended June 30, 2021. Included in this Official Statement and made a part hereof as "Appendix A" are the Independent Auditor's Report, Management's Discussion and Analysis, the Town's Basic Financial Statements and Notes to the Financial Statements, together with the report of the independent auditor as prepared by CLA, Independent Certified Public Accountants. The information contained in "Appendix A" is not the entire audit report. A copy of the complete report is available upon request to the Town Manager, Town of South Windsor.

## Capital Improvement Plan

Under the Town Charter, the Town Manager annually submits an updated capital improvement program. The plan is a systematic program to add or replace capital items for each department within the General Government and Board of Education. The 2022-2027 Plan projects a total of \$122,952,330. Over the six years, the projects are to be funded from the general fund, Town road aid, LOCIP funds, bonds and/or notes, and grants and user fees.

Uses	Fiscal Year						Total
	2022	2023	2024	2025	2026	2027	
Education.....	\$ 10,223,500	\$ 20,000,000	\$ 21,000,000	\$ 20,250,000	\$ 200,000	\$ 1,555,000	\$ 73,228,500
Public Buildings.....	690,000	397,000	1,910,000	450,000	700,000	150,000	4,297,000
Public Safety.....	1,458,443	60,000	500,000	-	-	150,000	2,168,443
Public Works.....	6,121,467	1,105,000	4,247,000	5,155,000	2,880,000	6,860,000	26,368,467
Parks & Recreation.....	350,000	350,000	500,000	500,000	4,900,000	200,000	6,800,000
Technology.....	450,000	325,000	800,000	400,000	700,000	100,000	2,775,000
Other.....	1,714,920	1,550,000	1,050,000	1,000,000	1,000,000	1,000,000	7,314,920
<b>Total.....</b>	<b>\$ 21,008,330</b>	<b>\$ 23,787,000</b>	<b>\$ 30,007,000</b>	<b>\$ 27,755,000</b>	<b>\$ 10,380,000</b>	<b>\$ 10,015,000</b>	<b>\$ 122,952,330</b>
<b>Sources</b>							
General Fund.....	\$ 1,924,472	\$ 2,100,000	\$ 8,000,000	\$ 6,255,000	\$ 8,700,000	\$ 8,335,000	\$ 35,314,472
General Obligation Bonds....	15,000,000	12,600,000	12,730,000	12,400,000	-	-	52,730,000
LOCIP.....	200,000	187,000	207,000	200,000	380,000	380,000	1,554,000
Surplus/Other Funds.....	1,418,948	1,300,000	1,000,000	1,000,000	1,000,000	1,000,000	6,718,948
Grants.....	-	7,400,000	7,770,000	7,600,000	-	-	22,770,000
Capital Non-Recurring.....	500,000	200,000	200,000	200,000	200,000	200,000	1,500,000
Capital Lease.....	1,964,910	-	100,000	100,000	100,000	100,000	2,364,910
<b>Total.....</b>	<b>\$ 21,008,330</b>	<b>\$ 23,787,000</b>	<b>\$ 30,007,000</b>	<b>\$ 27,755,000</b>	<b>\$ 10,380,000</b>	<b>\$ 10,015,000</b>	<b>\$ 122,952,330</b>

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**Pension Plans**

The Town is the administrator of a defined benefit retirement system (the "Plan"), established and administered by the Town Council and the Board of Education to provide pension benefits for its employees. Teachers participate in the State of Connecticut Teachers Retirement System under Chapter 167A of the General Statutes of the State of Connecticut. In addition, eligible general government employees may participate in a deferred compensation plan. For specific information on each plan, see Appendix A, "Notes to Basic Financial Statements", herein.

The Town has implemented Government Accounting Standards Board's ("GASB") Statement No. 67 effective Fiscal Year 2014. Net position is based on fair market value as of June 30 and the Total Pension Liability is based on the actuarial assumptions as of the prior valuation date updated to July 1, 2019. The date of the Town's most recent actuarial valuation was July 1, 2020.

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

**Town Pension Plan**

Total Pension Liability at June 30, 2021.....	\$	48,426,833
Plan Fiduciary Net Position.....		<u>42,034,859</u>
Net Pension (Asset) Liability.....	\$	6,391,974
Plan Fiduciary Net Position as % of		
Total Pension Liability.....		86.80%

**Board of Education Pension Plan**

Total Pension Liability at June 30, 2021.....	\$	19,595,133
Plan Fiduciary Net Position.....		<u>19,664,142</u>
Net Pension (Asset) Liability.....	\$	(69,009)
Plan Fiduciary Net Position as % of		
Total Pension Liability.....		100.35%

The following represents the net pension liability of the Town and the Board of Education, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>(5.50)</b>	<b>(6.50)</b>	<b>(7.50)</b>
Town's Pension Plan's Net Pension (Asset) Liability			
as of June 30, 2021.....	\$ 12,276,884	\$ 6,391,974	\$ 1,641,769
Board of Education Pension Plan's Net Pension (Asset) Liability			
as of June 30, 2021.....	\$ 2,204,201	\$ (69,009)	\$ (1,863,465)

Based upon a July 1, 2020 actuarial valuation, the Town's schedule of employer contribution are as follows:

**Town Pension Plan**

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Annual Contribution</b>	<b>% of ARC Contributed</b>
6/30/2022 <sup>1</sup>	\$ 1,766,211	\$ 1,766,211	100.0%
6/30/2021	1,602,021	2,952,021	184.3%
6/30/2020	1,733,752	2,133,752	123.1%
6/30/2019	1,714,348	2,856,477	166.6%
6/30/2018	1,956,477	1,956,477	100.0%
6/30/2017	1,820,733	1,820,733	100.0%
6/30/2016	1,727,470	1,727,470	100.0%

<sup>1</sup> Budgeted.

**Board of Education Pension Plan**

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Annual Contribution</b>	<b>% of ARC Contributed</b>
6/30/2022 <sup>1</sup>	\$ 624,728	\$ 624,728	100.0%
6/30/2021	570,615	570,615	100.0%
6/30/2020	557,209	1,424,037	255.6%
6/30/2019	530,051	530,051	100.0%
6/30/2018	603,433	603,433	100.0%
6/30/2017	549,460	549,460	100.0%
6/30/2016	535,965	535,965	100.0%

<sup>1</sup> Budgeted.

**Other Post-Employment Benefits**

The Town provides limited post-employment health care benefits for retired employees. For former Town employees, the Town allows employees to retain insurance coverage under the Town insurance plan at the employee's cost until they are eligible for Medicare. This benefit option may be viewed as an implicit rate subsidy. The Town's contract with the police department employees which expires on June 30, 2021, requires the Town to contribute 75% of the cost associated with post-employment health care benefits for retired police department employees hired before July 1, 2006. All employees hired after July 1, 2006 are eligible to participate in the Town of South Windsor's health insurance plan which is in effect at the time of their retirement at their own expense.

The Town has implemented Government Accounting Standards Board's ("GASB") Statement No. 75. In accordance with GASB Statement No. 75, the net position is based on fair market value as of June 30th and OPEB Liability is based on the actuarial assumptions as of the last valuation date, updated to the end of the fiscal year. The components of the net OPEB liability of the Town plans were as follows:

Total OPEB Liability .....	\$ 12,918,083
Plan Fiduciary Net Position .....	4,428,805
Town Net OPEB Liability .....	\$ 8,489,278
Plan Fiduciary Net Position	
as % of Total OPEB Liability .....	34.28%

The following represents the net OPEB liability of the Town, calculated using the discount rate of 6.75%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>(5.75)</b>	<b>Discount Rate</b>	<b>(7.75)</b>
		<b>(6.75)</b>	
Town Plan's Net OPEB Liability .....	\$ 9,591,078	\$ 8,489,278	\$ 7,501,323

The following presents the net OPEB liability of the Town as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are percentage point lower decreasing to or percentage point higher decreasing to than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>(4.30-3.50%</b>	<b>Cost Trend Rate</b>	<b>(6.30-5.50%</b>
	<b>Over 56</b>	<b>Over 56</b>	<b>Over 56</b>
	<b>Years)</b>	<b>Years)</b>	<b>Years)</b>
Net OPEB Liability .....	\$ 7,138,049	\$ 8,489,278	\$ 10,053,518

### **Schedule of Employer Contributions**

	<b>2022 <sup>1</sup></b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Actuarially Determined Employer Contribution (ADEC)...	\$ 1,055,879	\$ 1,055,879	\$ 755,791	\$ 755,791	\$ 880,974
Contributions in Relation to the ADEC.....	1,055,879	1,055,879	763,348	755,791	915,326
Contribution Deficiency (Excess).....	\$ -	\$ -	\$ (7,557)	\$ -	\$ (34,352)
Covered Employee Payroll.....	\$ 59,873,023	\$ 58,699,042	\$ 53,648,114	\$ 53,648,114	\$ 53,602,318
Contributions as a Percentage of					
Covered Employee Payroll.....	1.76%	1.80%	1.42%	1.41%	1.71%
Contributions in Relation to the ADEC as a %.....	100.0%	100.0%	101.0%	100.0%	103.9%

<sup>1</sup> Budgeted.

Please refer to Appendix A “Basic Financial Statements” under section “Notes to Financial Statements – Note 10” herein for information on the Town’s Other Post-Employment Benefits Plan.

### **Investment Policies and Practices**

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

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

All Town pension funds are invested with investment managers and for educators, the State of Connecticut Retirement Commission oversees the investment pool for teachers and administrators. For a further description of the Town's Pension Plans, see Appendix A, Notes to Basic Financial Statements, page A-28 herein.

### Comparative Balance Sheet - General Fund

<b>Assets</b>	<b>Actual 2020-21</b>	<b>Actual 2019-20</b>	<b>Actual 2018-19</b>	<b>Actual 2017-18</b>	<b>Actual 2016-17</b>
Cash and Cash Equivalents.....	\$ 54,328,360	\$ 40,290,946	\$ 50,323,178	\$ 26,070,127	\$ 30,266,460
Receivables, Net.....	2,857,497	2,129,812	2,610,765	3,883,813	5,181,868
Due From Other Funds.....	41,468	1,566,377	16,584	334,529	468,381
Other Assets.....	79,619	-	13,500	9,307	2,442
<b>Total Assets</b> .....	<b>57,306,944</b>	<b>43,987,135</b>	<b>52,964,027</b>	<b>30,297,776</b>	<b>35,919,151</b>
<b>Liabilities:</b>					
Accounts Payable .....	4,298,050	2,548,993	2,628,470	3,864,317	3,101,447
Due to Other Funds .....	13,262,244	5,139,554	23,635,381	6,664,964	15,832,198
Other .....	-	-	-	-	-
<b>Total Liabilities</b> .....	<b>17,560,294</b>	<b>7,688,547</b>	<b>26,263,851</b>	<b>10,529,281</b>	<b>18,933,645</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue .....	1,746,602	1,817,348	2,287,145	3,177,529	4,860,737
Advance Property Tax Collections ....	3,026,734	3,792,616	2,328,871	2,541,014	1,032,963
<b>Total</b> .....	<b>4,773,336</b>	<b>5,609,964</b>	<b>4,616,016</b>	<b>5,718,543</b>	<b>5,893,700</b>
<b>Fund Balances:</b>					
Nonspendable.....	79,619	-	13,500	9,307	2,442
Restricted.....	1,409,700	-	-	-	-
Committed.....	3,200,000	3,094,594	3,000,000	1,500,000	-
Assigned.....	2,131,191	4,813,890	3,825,079	1,293,331	1,621,867
Unassigned.....	28,152,804	22,780,140	15,245,581	11,247,314	9,467,497
<b>Total Fund Balance</b> .....	<b>34,973,314</b>	<b>30,688,624</b>	<b>22,084,160</b>	<b>14,049,952</b>	<b>11,091,806</b>
<b>Total Liabilities, Fund Balances, and Deferred Inflows</b> .....	<b>\$ 57,306,944</b>	<b>\$ 43,987,135</b>	<b>\$ 52,964,027</b>	<b>\$ 30,297,776</b>	<b>\$ 35,919,151</b>

Source: Annual audited financial statements.

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

<b>Revenues:</b>	<b>Adopted Budget <sup>1</sup> 2021-22</b>	<b>Actual 2020-21</b>	<b>Actual 2019-20</b>	<b>Actual 2018-19</b>	<b>Actual 2017-18</b>
Property Taxes .....	\$ 112,110,262	\$ 110,911,702	\$ 108,607,387	\$ 105,582,085	\$ 99,981,359
Intergovernmental .....	12,779,926	24,276,250	24,349,387	18,114,215	26,542,659
Charges For Services .....	1,881,600	3,367,830	2,881,389	2,484,022	2,710,888
Income on Investments .....	150,000	65,723	867,349	1,019,772	441,324
Other .....	1,045,000	2,227	-	-	-
<b>Total Revenues .....</b>	<b>127,966,788</b>	<b>138,623,732</b>	<b>136,705,512</b>	<b>127,200,094</b>	<b>129,676,230</b>
<b>Expenditures:</b>					
General Government .....	4,506,221	4,246,961	4,402,074	3,920,342	3,658,337
Public Safety .....	10,202,298	9,383,728	9,063,302	8,838,487	9,065,292
Public Works .....	9,034,108	8,245,969	8,183,026	8,370,277	7,832,799
Human Services .....	1,235,905	1,053,131	1,056,860	1,104,145	1,006,150
Culture and Recreation .....	3,602,871	3,454,768	3,249,366	3,111,541	2,699,404
Education .....	77,958,844	89,018,537	83,553,012	76,914,581	85,735,350
Insurance and Benefits .....	8,917,664	8,392,989	7,592,362	7,459,924	6,708,737
Other .....	1,924,472	-	-	-	-
Debt Service .....	10,584,405	9,630,075	8,693,319	8,264,684	8,363,179
<b>Total Expenditures .....</b>	<b>127,966,788</b>	<b>133,426,158</b>	<b>125,793,321</b>	<b>117,983,981</b>	<b>125,069,248</b>
Revenues over (under) expenditures .....	-	5,197,574	10,912,191	9,216,113	4,606,982
<b>Other Financing Sources Uses:</b>					
Premium on Bonds Issues .....	-	1,278,018	574,216	136,379	394,300
Operating Transfers In .....	-	50,437	59,678	436,198	54,483
Operating Transfers (Out) .....	-	(2,241,339)	(2,941,621)	(1,754,482)	(2,097,619)
<b>Total other Financing Sources (uses) ...</b>	<b>-</b>	<b>(912,884)</b>	<b>(2,307,727)</b>	<b>(1,181,905)</b>	<b>(1,648,836)</b>
<b>Revenues and other financing sources over (under) expenditures and other financing (uses).....</b>					
	\$ -	\$ 4,284,690	\$ 8,604,464	\$ 8,034,208	\$ 2,958,146
<b>Fund Balance, July 1.....</b>	<b>34,973,314</b>	<b>30,688,624</b>	<b>22,084,160</b>	<b>14,049,952</b>	<b>11,091,806</b>
<b>Fund Balance, June 30.....</b>	<b>\$ 34,973,314</b>	<b>\$ 34,973,314</b>	<b>\$ 30,688,624</b>	<b>\$ 22,084,160</b>	<b>\$ 14,049,952</b>

<sup>1</sup> Budgeted.

Source: Annual audited financial statements and Finance Department.

**Analysis of General Fund Equity**

<b>Fund Balances:</b>	<b>Adopted Budget <sup>1</sup> 2021-22</b>	<b>Actual 2020-21</b>	<b>Actual 2019-20</b>	<b>Actual 2018-19</b>	<b>Actual 2017-18</b>
Nonspendable.....	N/A	\$ 79,619	\$ -	\$ 13,500	\$ 9,307
Restricted.....	N/A	1,409,700	-	-	-
Committed.....	N/A	3,200,000	3,094,594	3,000,000	1,500,000
Assigned.....	N/A	2,131,191	4,813,890	3,825,079	1,293,331
Unassigned.....	N/A	28,152,804	22,780,140	15,245,581	11,247,314
<b>Total Fund Balance .....</b>	<b>\$ -</b>	<b>\$ 34,973,314</b>	<b>\$ 30,688,624</b>	<b>\$ 22,084,160</b>	<b>\$ 14,049,952</b>

<sup>1</sup> Budgetary basis and subject to audit.

Source: Annual audited financial statements and Finance Department.

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

### ***Litigation***

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

### ***Transcript and Closing Documents***

Upon the delivery of the Bonds and the Notes, the winning bidder(s) will be furnished with the following:

1. Signature and No Litigation Certificates stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds and the Notes or the levy or collection of taxes to pay the principal of and interest on the Bonds and the Notes;
2. A certificate on behalf of the Town, signed by the Town Manager and Town Treasurer which will be dated the date of delivery, which will certify, to the best of said officials' knowledge and belief, that at the time the bids were accepted on the Bonds and the Notes, the description and statements in the Preliminary Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Preliminary Official Statement;
3. Receipts for the purchase price of the Bonds and the Notes;
4. The approving opinions for the Bonds and Notes of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut; in substantially the forms attached here to as Appendices B-1, B-2 and B-3, respectively;
5. Executed continuing disclosure agreements for the Bonds and the Notes in substantially the forms attached hereto as Appendices C-1 and C-2, respectively; and
6. The Town will make available to the winning purchaser of the Bonds twenty-five (25) copies and the winning purchaser of the Notes fifteen (15) copies of the Official Statement at the Town's expense and delivered not later than seven business days after the bid opening. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. If the Town's Municipal Advisor is provided with the necessary information from the winning bidder by 4:00 p.m. (Eastern) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices, the name of the winning bidder for the Bonds and the Notes.

A transcript of the proceedings taken by the Town in authorizing the Bonds will be kept on file at the office of U.S. Bank, National Association, Hartford, Connecticut and will be available for examination upon reasonable request.

**Concluding Statement**

This Official Statement is not to be construed as a contract or agreement between the Town and the winning purchaser or holders of the Bonds and the Notes. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representation of fact, and no representation is made that any of such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provision of law is subject to repeal or amendment.

Information herein has been derived by the Town from official and other sources and is believed by the Town to be reliable, but such information other than that obtained from official records of the Town has not been independently confirmed or verified by the Town and its accuracy is not guaranteed.

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

**TOWN OF SOUTH WINDSOR, CONNECTICUT**

By: \_\_\_\_\_  
Michael Maniscalco, *Town Manager*

By: \_\_\_\_\_  
John Pelkey, *Town Treasurer*

Dated: January \_\_, 2022

## ***Appendix A***

### ***2021 General Purpose Financial Statements (Excerpted from the Town's Comprehensive Annual Financial Report)***

The following includes the General Purpose Financial Statements of the Town of South Windsor, Connecticut for the fiscal year ended June 30, 2021. The supplemental data and letter of transmittal, which were a part of that report, have not been reproduced herein. A copy of the complete report is available upon request from Matthew Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, 53 River Street, Suite #1, Milford, Connecticut. Telephone (203) 878-4945.



## **Independent Auditors' Report**

To the Town Council  
Town of South Windsor, Connecticut

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of South Windsor, Connecticut, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of South Windsor, Connecticut's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of South Windsor, Connecticut, as of June 30, 2021 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.

## ***Emphasis of a Matter***

During fiscal year ended June 30, 2021, Town of South Windsor, Connecticut adopted GASB Statement No. 84 *Fiduciary Activities*. As a result of the implementation of this standard, Town of South Windsor, Connecticut reported a restatement for the change in accounting principle (see Note 17.) Our auditors' opinion was not modified with respect to the restatement.

## ***Other Matters***

### *Required Supplementary Information*

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

### *Other Information*

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

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

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

Town of South Windsor, Connecticut's basic financial statements as of and for the year ended June 30, 2020 (not presented herein), were audited by Blum, Shapiro & Company, P.C. whose partners and professional staff joined CliftonLarsonAllen LLP as of January 1, 2021 and has subsequently ceased operations. Blum, Shapiro & Company, P.C.'s report thereon dated November 30, 2020, contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2020 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2020 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2020 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In Blum, Shapiro & Company, P.C.'s opinion, the General Fund balance sheet was fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2020.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2021 on our consideration of the Town of South Windsor, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of South Windsor, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of South Windsor, Connecticut's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

West Hartford, Connecticut  
December 23, 2021

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

As management of the Town of South Windsor our discussion and analysis of the Town's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the transmittal letter and the basic financial statements to enhance understanding of the Town's financial performance.

**Financial Highlights**

- Total net position of our governmental activities at the end of the fiscal year was \$200.2 million an increase of \$20.2 million or 11.2% over the previous fiscal year. Of the Town's total net position at June 30, 2021, \$14.9 million is unrestricted and may be used to meet the operating needs of the Town.
- On a government wide basis, revenues totaled \$174.1 million while expenses equaled \$153.9 million.
- Total cost of all of the Town's government programs was \$20.2 million less than the generated revenues. No new programs were added this year.
- The Town bonded \$27.0 million to permanently finance construction of the new Eli Terry, and PR Smith Elementary Schools construction. In addition, the Town issued \$6.0 million in Bond Anticipation Notes to provide temporary financing for the Pleasant Valley Elementary School construction and road/drainage improvements.
- The unassigned fund balance for the General Fund was \$28.1 million or 20.7% of total General Fund expenditures.
- The Town continued most operations as normal and Town Hall remained open to the public during the fiscal year. Staff was separated but remained working. Culture/Leisure programs began to reopen in the Spring of 2021.
- The Town received \$533,150 in federal funding from the Coronavirus Aid, Relief, and Economic Security Act (CARES) distributed through the State of CT OPM in December 2020. All funds have been spent and expenditures detailed in the State of CT OPM portal.
- The Town was allocated \$7.7 million through the American Rescue Plan Fund, half of which was received in fiscal year 2021. Planning on how to put that money to use was done in the last quarter of the fiscal year and those programs are beginning to be implemented.

**Overview of the Financial Statements**

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial



information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

### **Government-Wide Financial Statements**

The analysis of the Town as a whole begins on Exhibits I and II. The statement of net position and the statement of activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and any annual change. The Town's net position, the difference between assets and liabilities, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net position and the statement of activities, the Town reports its activities as follows:

- *Governmental Activities* - The Town's basic services are reported here, including education, public safety, public works, sanitation, culture and recreation, debt service and general administration. Property taxes, charges for services and state and federal grants finance these activities.

### **Fund Financial Statements**

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by Charter. However, the Town establishes many other funds to help control and manage financial activities for particular purposes (such as the Sewer Operating Fund) or to show that it is meeting legal responsibilities for using grants and other money (such as grants received for education from the State and Federal governments). The Town's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Proprietary Funds (Exhibits V to VII)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. The Town's proprietary fund consists of the Town's internal service fund and is used to report the Town's self-insurance program.

- *Fiduciary Funds (Exhibits VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plans and other post-employment benefit plans. All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### **Government-Wide Financial Analysis**

The Town's government-wide activities net position changed from a year ago, increasing from \$180.0 million (as restated for GASB 84) to \$200.2 million. Net position may serve over time as a useful indicator of a Town's financial position and an important determinant of its ability to finance services in the future. Town of South Windsor's total assets and deferred outflows exceeded liabilities and deferred inflows by \$20,204,790 at the close of the most recent fiscal year.

By far, the largest portion of the Town of South Windsor's net reflects its investment in capital assets (e.g., land, buildings, vehicles, furniture and equipment, water systems and infrastructure) less related outstanding debt used to acquire those assets. The Town of South Windsor uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of South Windsor's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

**TABLE 1  
NET POSITION**

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
Current assets	\$ 66,032,851	\$ 49,487,767
Capital assets, net of accumulated depreciation	293,538,186	281,799,435
Total assets	<u>359,571,037</u>	<u>331,287,202</u>
Deferred outflows of resources	<u>4,418,852</u>	<u>4,832,332</u>
Long-term liabilities outstanding	20,260,127	28,464,486
Other liabilities	130,637,724	121,097,412
Total liabilities	<u>150,897,851</u>	<u>149,561,898</u>
Deferred inflows of resources	<u>12,882,296</u>	<u>6,552,684</u>
Net Position:		
Net investment in capital assets	181,142,167	177,794,273
Restricted	4,122,315	3,088,521
Unrestricted	<u>14,945,260</u>	<u>(877,842)</u>
Total Net Position	<u>\$ 200,209,742</u>	<u>\$ 180,004,952</u>

**TABLE 2  
CHANGE IN NET POSITION**

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
Revenues:		
Program revenues:		
Charges for services	\$ 11,467,265	\$ 12,192,059
Operating grants and contributions	43,338,815	32,169,037
Capital grants and contributions	6,583,653	13,098,762
General revenues:		
Property taxes	110,588,208	108,137,590
Grants and contributions not restricted to specific purposes	2,025,279	2,026,181
Unrestricted investment earnings	85,687	896,562
Other general revenues	29,560	
Total revenues	<u>174,118,467</u>	<u>168,520,191</u>
Expenses:		
General government	5,268,652	6,241,142
Public safety	11,919,633	11,561,692
Public works	18,883,042	21,897,888
Human services	1,567,870	1,756,175
Culture and recreation	5,890,752	5,998,664
Education	109,108,696	97,695,610
Debt service	1,275,032	1,943,338
Total expenses	<u>153,913,677</u>	<u>147,094,509</u>
Increase in Net Position	20,204,790	21,425,682
Beginning Net Position	179,596,238	158,170,556
Restatement	<u>408,714</u>	
Ending Net Position	<u>\$ 200,209,742</u>	<u>\$ 179,596,238</u>

As noted above, total revenues were \$174.1 million and the total cost of all programs and services was \$153.9 million. Our analysis below considers the operations of the fiscal year's governmental activities.

**Governmental Activities**

The Town's net position increased \$20.2 million during the current fiscal year. This increase reflects total revenues generated through increased property tax revenues, and other various revenues that exceed operating costs. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements changed from \$(.8) million at June 30, 2020 to \$14.9 million at the end of this year.

For governmental activities, approximately 63.5% of the revenues were derived from Property Taxes, followed by 24.9% in Operating Grants & Contributions and 6.6% in Charges for Services.

Major revenue factors included:

- Operating Grants increased \$11.2 million due to the increase of on-behalf OPEB and Pension contributions relating to the State Teachers' Retirement System.
- Property tax revenues recorded during fiscal year 2021 reflect a 3.64% in grand list growth resulting in increased collections, strengthened collection policies and tax sale proceeds increased prior-year tax collections, interest and liens.
- Capital grants and contributions reflected a decrease of \$6.5 million over the previous year due to grant reimbursement requests for school construction costs including the new Eli Terry and PR Smith Elementary Schools.

For governmental activities, 70.5% of the Town's expenditures relate to education, 12.2% to public works, 7.7% to public safety, 3.4% for general government and 3.8% to culture and recreation. These percentages are fairly consistent with the prior year.

The Town continues to employ various cost control methods to keep expenditures as low as possible. These involve ongoing monthly review of all town expenditures as compared to budget; Town Manager review of all purchase orders; and shared service purchasing or state-contract equipment and supplies where possible. The Town continues to be proactive in controlling employee benefit costs through implementation of wellness incentives; working with our insurance broker and negotiating with bargaining units.

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

**GOVERNMENTAL ACTIVITIES  
TABLE 3**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
General government	\$ 5,268,652	\$ 6,241,142	\$ (468,279)	\$ (3,205,649)
Public safety	11,919,633	11,561,692	(11,530,617)	(11,159,852)
Public works	18,883,042	21,897,888	(6,119,841)	(3,116,012)
Human services	1,567,870	1,756,175	(1,362,059)	(1,412,966)
Culture and recreation	5,890,752	5,998,664	(4,810,350)	(4,214,486)
Education	109,108,696	97,695,610	(67,036,743)	(64,582,348)
Debt service	1,275,032	1,943,338	(1,196,055)	(1,943,338)
<b>Total</b>	<b>\$ <u>153,913,677</u></b>	<b>\$ <u>147,094,509</u></b>	<b>\$ <u>(92,523,944)</u></b>	<b>\$ <u>(89,634,651)</u></b>

## **Town Funds Financial Analysis**

### **Governmental Funds**

The Town's governmental funds (as presented in the balance sheet - Exhibit III) reported combined ending fund balances of \$36.1 million inclusive of an unassigned fund balance of \$22.9 million.

The General Fund is the operating fund of the Town. Fund balance of the Town's General Fund increased by \$4.3 million during the current fiscal year. At June 30, 2021, unassigned fund balance of the General Fund was \$28.1 million while total fund balance was \$34.9 million. The increase in fund balance is due to greater than expected revenues for building permits, recording fees and prior-year tax collections combined with expenditure savings in General Government, Public Works and Public Safety line items.

During the year, actual revenues and other financing sources on a budgetary basis were \$127.9 million which exceeded budgetary estimates by \$3.6 million. Increased collection enforcement pushed the collection rate to 99.3% versus the budgeted collection rate of 99.0% and generated positive variances in prior-year taxes, interest and lien revenue accounts. State of Connecticut Education Grants exceeded conservative budget estimates and added \$396,307 to the positive variance. Charges for current services exceeded budget expectations by \$1.4 million primarily due to increased activity for building and fire marshal permits due to new construction and economic development, and higher Town Clerk fees.

Actual expenditures on a budgetary basis and other financing uses totaled \$122.4 million which was less than budgeted by \$1.9 million. Public Safety and Public Works and Education accounts contributed \$454,401, \$447,179 and \$232,308 respectively to the overall positive variance due to unfilled positions, overtime savings and overall cost containment.

The Town's collection rate in fiscal year 2021 was 99.3%, which is slightly higher than the average collection rate over the past five fiscal years.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

The Town of South Windsor's cumulative investment in capital assets as of June 30, 2021 totals \$293.5 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, enterprise-wide software, streets & sidewalks, equipment, vehicles, water & sewer systems and construction in progress. The increase in total capital assets, net of depreciation, over the prior fiscal year was \$11.7 million.

Major capital asset activity during the current fiscal year included the following:

- Completion of a newly added elevator in the BOE Administrative Building
- Additions to CIP for Eli Terry, PR Smith and Pleasant Valley Elementary school projects
- Completion of several boiler projects at school and town buildings
- Purchase of media and software upgrades
- Purchase Public Works heavy equipment and Police Interceptor Vehicles
- Completed modifications on Public Works Garage Bays
- Construction in progress added \$16,195,636
- Depreciation expense in the amount of \$6,029,373 was recognized

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

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
Land	\$ 19,483,267	\$ 19,483,267
Buildings	87,321,346	89,436,129
Improvements other than buildings	15,478,223	15,989,807
Furniture and equipment	7,903,342	7,547,246
Infrastructure	79,246,115	79,880,731
Construction in progress	84,105,893	69,462,255
<b>Total</b>	<b>\$ 293,538,186</b>	<b>\$ 281,799,435</b>

Additional information on the Town's capital assets can be found in Note 5 of the Basic Financial Statements.

### **Long-Term Debt**

In the current year, the Town issued \$27.0 million of general obligation bonds to be financed over 20 years with interest rates ranging from 1.1% to 4.0%. The bonds will permanently finance elementary school construction, and road/drainage projects. At June 30, 2021, the Town had \$98.1 million in bonds and notes outstanding versus \$79.4 million in the previous year. All of the debt is backed by the full faith and credit of the Town.

The Town issued bond anticipation notes (BANS) in the amount of \$6.0 million for the construction of Pleasant Valley Elementary School and road/drainage projects. The plan is to issue bonds after projects are completed.

Debt service expenditures will continue to increase over the next several years as the Town permanently finances expenditures of \$58.5 million for the construction of Pleasant Valley Elementary School and \$15.0 million for road and drainage projects as approved in 2018 per referendum. All projects are part of the Board of Education 10-year elementary facilities plan and 5-year capital projects plan.

The Town of South Windsor maintains an AA+ rating for Standard and Poor's and an Aa2 rating from Moody's Investors Service. The overall statutory debt limit for the Town of South Windsor is equal to seven times annual receipts from taxation or \$760.1 million. As of June 30, 2021, the Town recorded total net debt of \$196.4 million, well below its statutory debt limits.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

### **Economic Factors and Next Year's Budget**

The Town Council considered many factors when setting the fiscal year 2021-2022 budget. The financial impact of the annual budget on residents surrounding the uncertainty and economic impacts of the global pandemic was the primary concern of town officials. The Town Council adopted a policy statement to lower than annual mill rate and discontinue the use of Unassigned Fund Balance. The 2021-2022 adopted budget included a .02 mill decrease. Staff continues to monitor expense actions implemented

at the beginning of the pandemic. These actions ensure the Town is well positioned to meet fund balance goals and to maintain its general credit ratings in the future. The Town did receive a direct allocation from the Federal government specific to the “American Rescue Plan of 2021” and will be partnering with Management, Town Council and the community to utilize the funding in meaningful ways.

Highlights of the Town’s budget for the 2021-22 fiscal year include the following:

- The 2021-22 combined budgets for operating and capital programs total \$127.9 million, representing a 2.91% increase over the 2020-21 combined budget. The mill rate to support these expenditures was set at 37.86 a decrease of .02 mills.
- The primary revenue source, property taxes, is budgeted at \$110.3 million, an increase of \$3.8 million, or 3.62% primarily due to the 3.64% growth on the 10/1/2020 Grand List.
- Although the budget for sewer user charges increased slightly from \$3.8 million to \$4.9 million for the 2021-22 budget year, the individual Residential Rate remained at \$415.00 per unit.
- The 2021-22 capital budget includes 45 new and/or continuing projects totaling \$1.9 million, including roads/sidewalks, upgrades to park facilities and general public facilities projects.

### **Contacting the Town’s Financial Management**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town’s finances and to show the Town’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact Michael Maniscalco, Town Manager, Town of South Windsor, 1540 Sullivan Avenue, South Windsor, Connecticut, 06074.

# **Basic Financial Statements**



**TOWN OF SOUTH WINDSOR, CONNECTICUT  
STATEMENT OF NET POSITION  
JUNE 30, 2021**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 62,271,195
Investments	193,563
Receivables, net	3,388,861
Supplies	20,704
Prepaid items	89,519
Net pension asset	69,009
Capital assets not being depreciated	103,589,160
Capital assets being depreciated, net of accumulated depreciation	189,949,026
<b>Total assets</b>	<b><u>359,571,037</u></b>
<b>Deferred Outflows of Resources:</b>	
Deferred charge on refunding	318,417
Deferred outflows related to pensions	2,171,494
Deferred outflows related to OPEB	1,928,941
<b>Total deferred outflows of resources</b>	<b><u>4,418,852</u></b>
<b>Liabilities:</b>	
Accounts payable and accrued liabilities	8,436,433
Unearned revenue	5,823,694
Notes payable	6,000,000
Noncurrent liabilities:	
Due within one year	9,760,184
Due in more than one year	120,877,540
<b>Total liabilities</b>	<b><u>150,897,851</u></b>
<b>Deferred Inflows of Resources:</b>	
Advance property tax collections	3,026,734
Deferred inflows related to pensions	7,836,794
Deferred inflows related to OPEB	2,018,768
<b>Total deferred inflows of resources</b>	<b><u>12,882,296</u></b>
<b>Net Position:</b>	
Net investment in capital assets	181,142,167
Restricted for:	
Education	2,930,537
Public Safety	140,711
Public Works	243,582
Health and Welfare	807,485
Unrestricted	14,945,260
<b>Total Net Position</b>	<b><u>\$ 200,209,742</u></b>

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 5,268,652	\$ 3,035,551	\$ 1,565,303	\$ (468,279)
Public safety	11,919,633	360,550	28,466	(11,530,617)
Public works	18,883,042	5,724,964	654,103	(6,119,841)
Human services	1,567,870	92,997	112,814	(1,362,059)
Culture and recreation	5,890,752	1,009,269	71,133	(4,810,350)
Education	109,108,696	1,243,934	40,828,019	(67,036,743)
Interest on long-term debt	1,275,032		78,977	(1,196,055)
<b>Total</b>	<b>\$ 153,913,677</b>	<b>\$ 11,467,265</b>	<b>\$ 43,338,815</b>	<b>\$ (92,523,944)</b>
General revenues:				
Property taxes				110,588,208
Grants and contributions not restricted to specific programs				2,025,279
Unrestricted investment earnings				85,687
Miscellaneous				29,560
Total general revenues				<u>112,728,734</u>
Change in Net Position				20,204,790
Net Position at Beginning of Year as restated				<u>180,004,952</u>
Net Position at End of Year				<u>\$ 200,209,742</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	General	Capital Projects Fund	Sewer Operating Fund	American Rescue Plan Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 54,328,360	\$	31,445	\$	1,568,150	\$ 55,927,955
Investments					193,563	193,563
Receivables, net	2,857,497		171,164		351,968	3,380,629
Due from other funds	41,468	3,918,839	2,213,400	3,871,330	3,258,675	13,303,712
Other assets	79,619				30,693	110,312
<b>Total Assets</b>	<b>\$ 57,306,944</b>	<b>\$ 3,918,839</b>	<b>\$ 2,416,009</b>	<b>\$ 3,871,330</b>	<b>\$ 5,403,049</b>	<b>\$ 72,916,171</b>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES**

<b>Liabilities:</b>						
Accounts and other payables	\$ 4,298,050	\$ 1,582,031	\$ 173,853	\$	\$ 659,055	\$ 6,712,989
Due to other funds	13,262,244				41,468	13,303,712
Notes payable		6,000,000				6,000,000
Unearned revenue		1,514,759		3,871,330	437,605	5,823,694
<b>Total liabilities</b>	<b>17,560,294</b>	<b>9,096,790</b>	<b>173,853</b>	<b>3,871,330</b>	<b>1,138,128</b>	<b>31,840,395</b>
<b>Deferred inflows of resources:</b>						
Unavailable revenue - property taxes	1,493,854					1,493,854
Unavailable revenue - sewer use			171,164			171,164
Unavailable grant revenue	252,748					252,748
Advance property tax collections	3,026,734					3,026,734
<b>Total deferred inflows of resources</b>	<b>4,773,336</b>	<b>-</b>	<b>171,164</b>	<b>-</b>	<b>-</b>	<b>4,944,500</b>
<b>Fund balances:</b>						
Nonspendable	79,619				20,704	100,323
Restricted	1,409,700				2,712,615	4,122,315
Committed	3,200,000		2,070,992		1,531,602	6,802,594
Assigned	2,131,191					2,131,191
Unassigned	28,152,804	(5,177,951)				22,974,853
<b>Total fund balances</b>	<b>34,973,314</b>	<b>(5,177,951)</b>	<b>2,070,992</b>	<b>-</b>	<b>4,264,921</b>	<b>36,131,276</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 57,306,944</b>	<b>\$ 3,918,839</b>	<b>\$ 2,416,009</b>	<b>\$ 3,871,330</b>	<b>\$ 5,403,049</b>	<b>\$ 72,916,171</b>

(Continued on next page)

**TOWN OF SOUTH WINDSOR, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2021**

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

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

Fund balances - total governmental funds	\$ 36,131,276
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 458,000,795	
Less accumulated depreciation	<u>(164,462,609)</u>	
Net capital assets		293,538,186

Long term assets and deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:

Property tax receivables greater than 60 days	830,398
Interest receivable on property taxes	663,456
Assessments and user fee receivable	113,401
Interest receivable on assessments and user fees	57,763
Unavailable grant revenue	252,748
Net pension asset	69,009
Deferred outflows related to pension	2,171,494
Deferred outflows related to OPEB	1,928,941

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.

5,562,260

Long-term liabilities and deferred inflows of resources, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Net pension liability	(6,391,974)
Deferred inflows related to pension	(7,836,794)
Deferred inflows related to OPEB	(2,018,768)
Bonds and notes payable	(98,137,073)
Interest payable on bonds and notes	(934,321)
Compensated absences	(8,494,963)
Capital lease	(3,058,540)
Unamortized bond premium	(6,065,896)
Net OPEB liability	(8,489,278)
Deferred charge on refunding	<u>318,417</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 200,209,742</u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	General	Capital Projects Fund	Sewer Operating Fund	American Rescue Plan Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$ 110,911,702	\$	\$	\$	\$	\$ 110,911,702
Intergovernmental	24,276,250	6,538,701			6,244,451	37,059,402
Charges for services	3,367,830	148,002	5,779,005		2,669,647	11,964,484
Investment earnings	65,723		48		17,613	83,384
Miscellaneous	2,227		5,818		448,373	456,418
Total revenues	<u>138,623,732</u>	<u>6,686,703</u>	<u>5,784,871</u>	<u>-</u>	<u>9,380,084</u>	<u>160,475,390</u>
Expenditures:						
Current:						
General government	4,246,961				106,660	4,353,621
Public safety	9,383,728				105,978	9,489,706
Public works	8,245,969		3,991,385		1,390,941	13,628,295
Human services	1,053,131				191,892	1,245,023
Culture and recreation	3,454,768				1,249,600	4,704,368
Insurance and sundry	8,392,989					8,392,989
Education	89,018,537				6,337,316	95,355,853
Debt service	9,630,075	179,202				9,809,277
Capital outlay		18,800,903				18,800,903
Total expenditures	<u>133,426,158</u>	<u>18,980,105</u>	<u>3,991,385</u>	<u>-</u>	<u>9,382,387</u>	<u>165,780,035</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5,197,574</u>	<u>(12,293,402)</u>	<u>1,793,486</u>	<u>-</u>	<u>(2,303)</u>	<u>(5,304,645)</u>
Other Financing Sources (Uses):						
Issuance of general obligation bonds		27,000,000				27,000,000
Issuance of refunding bonds		19,110,000				19,110,000
Payments to refunded bond escrow agent		(21,129,324)				(21,129,324)
Issuance of capital lease		1,145,209				1,145,209
Premium on refunding bonds		2,198,526				2,198,526
Premium on bond anticipation notes		78,977				78,977
Premium on general obligation bonds	1,278,018					1,278,018
Transfers in	50,437		25,006			3,758,576
Transfers out	(2,241,339)		(1,387,562)		(129,675)	(3,758,576)
Total other financing sources (uses)	<u>(912,884)</u>	<u>32,086,521</u>	<u>(1,362,556)</u>	<u>-</u>	<u>(129,675)</u>	<u>29,681,406</u>
Net Change in Fund Balances	4,284,690	19,793,119	430,930	-	(131,978)	24,376,761
Fund Balances at Beginning of Year, as restated	30,688,624	(24,971,070)	1,640,062		4,396,899	11,754,515
Fund Balances at End of Year	<u>\$ 34,973,314</u>	<u>\$ (5,177,951)</u>	<u>\$ 2,070,992</u>	<u>\$ -</u>	<u>\$ 4,264,921</u>	<u>\$ 36,131,276</u>

(Continued on next page)

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2021**

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 24,376,761
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	17,835,195
Depreciation expense	(6,029,373)

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold. (67,071)

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

Property tax receivable - accrual basis change	(371,234)
Property tax interest and lien revenue - accrual basis change	47,740
Sewer user fees and assessment receivable - accrual basis change	(246,378)
Sewer user fees and assessment interest receivable - accrual basis change	(39,784)
Change in unavailable grant revenue	252,748
Change in pension assets	69,009
Deferred outflows related to changes in pension	93,750
Deferred outflows related to OPEB changes	(475,282)

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

Bond principal payments	9,155,000
Note payments	18,289,511
Issuance of bonds and notes	(27,000,000)
Issuance of refunding bonds	(19,110,000)
Premium on bonds	(3,476,544)
Capital lease payments	1,271,723
Issuance of capital lease	(1,145,209)
Deferred charge on refunding	21,254

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

Compensated absences	500,941
Accrued interest	(132,481)
Amortization of deferred charge on refunding	(53,202)
Amortization of bond premiums	1,109,537
Net pension liability	9,929,213
Deferred inflows related to pension changes	(6,817,388)
Deferred inflows related to OPEB changes	(278,106)
Net OPEB liability	935,516

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.	<u>1,558,944</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 20,204,790</u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
STATEMENT OF NET POSITION - PROPRIETARY FUND  
JUNE 30, 2021**

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	<b>Governmental Activities Internal Service Fund</b>
	<u>                    </u>
Current Assets:	
Cash and cash equivalents	\$ 6,343,240
Accounts receivable	<u>8,560</u>
Total assets	6,351,800
Current Liabilities:	
Accounts and other payables	<u>789,540</u>
Net Position:	
Unrestricted	\$ <u><u>5,562,260</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION - PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

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	<b>Governmental Activities <u>Internal Service Fund</u></b>
Operating Revenues:	
Charges for services	\$ 14,491,975
Operating Expenses:	
Employee benefits	<u>12,935,372</u>
Operating Income	1,556,603
Nonoperating Revenue:	
Income on investments	<u>2,341</u>
Change in Net Position	1,558,944
Net Position at Beginning of Year	<u>4,003,316</u>
Net Position at End of Year	<u><u>\$ 5,562,260</u></u>

The accompanying notes are an integral part of the financial statements



**TOWN OF SOUTH WINDSOR, CONNECTICUT  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Governmental Activities <u>Internal Service Fund</u></b>
Cash Flows from Operating Activities:	
Cash received from premiums - Town departments and agencies	\$ 14,491,975
Claims paid	<u>(12,869,545)</u>
Net cash provided by (used in) operating activities	1,622,430
Cash Flows from Investing Activities:	
Income from investments	<u>2,341</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,624,771
Cash and Cash Equivalents at Beginning of Year	<u>4,718,469</u>
Cash and Cash Equivalents at End of Year	<u>\$ 6,343,240</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ <u>1,556,603</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in accounts receivable	11,287
Increase (decrease) in accounts and other payables	<u>54,540</u>
Total adjustments	<u>65,827</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ 1,622,430</u>

The accompanying notes are an integral part of the financial statements





**TOWN OF SOUTH WINDSOR, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The Town was incorporated in 1845. The Town operates under a Town Council/Town Manager form of government and provides the following services as authorized by its charter: public safety, public works, public health and social services, parks and recreation, and education.

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. A government is financially accountable for a legally separate organization if it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the government. These criteria have been considered and have resulted in the inclusion of the fiduciary component units as detailed below.

**Fiduciary Component Units**

The Town has established two single-employer defined benefit pension plans and one postretirement health care benefits (OPEB) plan to provide retirement benefits and post-retirement health care benefits primary to employees and their beneficiaries. The Town performs the duties of a governing board for the Pension and OPEB plans and is required to make contributions to the pension and OPEB plans.

The financial statements of the fiduciary component units are reported as Pension and OPEB Trust fund in the fiduciary fund financial statements. Separate financial statements have not been prepared for the fiduciary component units.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Town has no business-type activities.

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

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

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

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

The government-wide financial statements and fiduciary fund financial statements are reported using the economic resources measurement focus and 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. Grants 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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The Town reports the following major governmental funds:

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

The *Capital Projects Fund* accounts for the financial resources to be used for major capital asset construction and/or purchases.

The *Sewer Operating Fund* accounts for sewer use and assessment fees used to maintain sewer operations within the Town. The major sources of revenue for this fund are sewer assessments and use charges.

The *American Rescue Plan Act Fund* accounts for federal funds received under the American Rescue Plan Act.

Additionally, the Town reports the following fund types:

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

The *Pension and Other Employee Benefit Trust Funds* account for the fiduciary activities of the South Windsor Employees' Retirement System, which accumulates resources for pension benefit payments to qualified employees and also the accumulated resources and payments associated with both Town and Board of Education health insurance benefits to former qualified employees.

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

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As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain Town functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

**D. Deposits and Investments**

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

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

Investments for the Town are reported at fair value.

**E. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property taxes are levied on all assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Assessed values are established by the Town Assessor's Office at 70% of appraised value. The tax bills are payable in two installments, July and January. In accordance with State Statutes, the oldest outstanding tax is collected first. Delinquent taxes are charged with interest at the rate of 1.5% per month. Outstanding real estate tax accounts are automatically liened each year prior to June 30.

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

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2021**

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**F. Inventories and Prepaid Items**

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. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased.

**G. 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 activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 for equipment, \$50,000 for improvements, and \$100,000 for infrastructure and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition cost at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Roads	75
Bridges	50
Sewer collection pipes	75
Sewer collection manholes	75
Buildings	40
Improvements other than buildings	20
Machinery and equipment	5-20
Vehicles	6-20
Office equipment	10
Computer equipment	3

**H. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in actuarial assumptions and differences between expected and actual investment returns.

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

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These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). No deferred outflows of resources affect the governmental fund financial statements in the current year.

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

**I. Compensated Absences**

Town and noncertified Board of Education employees are granted vacation and sick leave, and certified employees of the Board of Education are granted sick leave based upon length of employment. In the event of termination, employees are compensated for accumulated vacation and, depending on the terms of their union contract, sick time.

**J. Net Pension Liability**

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

**K. Net OPEB Liability**

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.



## **L. Long-Term Obligations**

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

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

## **M. Fund Equity**

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

### **Net Investment in Capital Assets**

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

### **Restricted Net Position**

Restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Town currently has no assets under restriction.

### **Unrestricted Net Position**

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

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

### **Nonspendable Fund Balance**

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

### **Restricted Fund Balance**

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

### **Committed Fund Balance**

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town Council). The Town Council may commit resources by resolution prior to the end of the fiscal year. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken to remove or revise the limitation.

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**Assigned Fund Balance**

This balance represents amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts by the Town Charter.

**Unassigned Fund Balance**

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

**N. Estimates**

The preparation of the financial statements in conformity with GAAP requires management to make estimates of and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues expenditures during the fiscal year.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund, Sewer Operating and Recreation Fund financial statements:

- Prior to March 15, the Board of Education submits to the Town Council a proposed budget for the year commencing July 1. Prior to March 22, the Town Manager submits to the Town Council a proposed operating budget for the general government for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. By April 15, the Town Council must have the Board of Education budget ready for public hearing and by April 22, the Town Council must have the general government budget ready for public hearing.
- By April 30, public hearings are conducted on the Board of Education budget and by May 7, public hearings are conducted on the general government budget.
- By May 15, the Town Council shall adopt the Board of Education budget and by May 22, the Town Council shall adopt the general government budget.
- The Town Manager may transfer unencumbered funds within a department budget. The Town Council may transfer unencumbered funds between departments and is authorized to make additional appropriations. There were no additional appropriations approved during the year.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under state law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education and Town Council approval.

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2021**

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- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and, accordingly, encumbrances outstanding at year end are reported in budgetary reports as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year, or no expenditure from or encumbrance of the appropriation has been made for three consecutive fiscal years.

**B. Fund Deficits**

The major fund Capital Projects had a deficit fund balance of \$5,177,951, at June 30, 2021. The deficit will be funded with future charges for services, bonding and contributions from the General Fund.

**C. Expenditures Exceed Appropriations**

The following expenditure line items exceed their final appropriations within the General Fund budget:

<u>Department</u>	
Town attorney	\$ 102,373
Recreation administration	28,616
Library	13,774

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

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

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

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

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

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fair value of the position in the pool is the same as the value of the pool shares. STIF is an investment pool of high-quality, short-term money market instruments with an average maturity of less than 60 days. There are no limitation or restrictions on any withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

**Deposits**

**Deposit Custodial Credit Risk**

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$27,581,591 of the Town’s bank balance of \$28,081,591 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 24,773,432
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>2,808,159</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 27,581,591</u>

**Cash Equivalents**

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2021, the Town’s cash equivalents amounted to \$36,105,438.

**Credit Risk – Cash Equivalents**

Credit risk is the risk that an issuer of an investments will not fulfill its obligation to the holder. This is measure by the assignment of a rating by a nationally recognized statistical rating organization. The following chart summarizes year-end ratings for Town of South Windsor, Connecticut as rated by Standard & Poor’s:

	<u>Standard &amp; Poor’s</u>
State Short-Term Investment Fund (STIF)	AAAm
Wells Fargo	*
People’s United Bank	*

\*Not rated

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
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**Investments**

Investments as of June 30, 2021 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>
Mutual funds	\$ 64,402,170

**Interest Rate Risk**

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements.

**Credit Risk - Investments**

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

**Concentration of Credit Risk**

The Town’s investment policy does not specify a limit for an investment in any one issuer.

**Custodial Credit Risk**

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2021, the Town had no uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town’s name.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2021:

	<u>June 30,</u>	<u>Fair Value Measurements Using</u>		
	<u>2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Mutual funds	\$ 64,402,170	\$ 62,749,497	\$ 1,652,673	\$ -

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
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Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level 3 investments.

**4. RECEIVABLES**

Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Sewer Operating Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Interest	\$ 663,456	\$ 57,763	\$	\$ 721,219
Taxes	1,782,486			1,782,486
Accounts	568,649	105,700	39,874	714,223
Intergovernmental	252,748		320,654	573,402
Special assessments		7,700		7,700
Gross receivables	<u>3,267,339</u>	<u>171,163</u>	<u>360,528</u>	<u>3,799,030</u>
Less allowance for uncollectibles:				
Taxes	<u>(409,842)</u>			<u>(409,842)</u>
Net Total Receivables	<u>\$ 2,857,497</u>	<u>\$ 171,163</u>	<u>\$ 360,528</u>	<u>\$ 3,389,188</u>

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
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**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases and Adjustments</u>	<u>Decreases and Adjustments</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 19,483,267	\$	\$	\$ 19,483,267
Construction in progress	69,462,255	16,195,636	(1,551,998)	84,105,893
Total capital assets not being depreciated	<u>88,945,522</u>	<u>16,195,636</u>	<u>(1,551,998)</u>	<u>103,589,160</u>
Capital assets being depreciated:				
Buildings	151,690,566	376,844		152,067,410
Improvements other than buildings	28,624,525	418,649		29,043,174
Furniture and equipment	24,362,352	1,605,146	(283,640)	25,683,858
Infrastructure	146,826,275	790,918		147,617,193
Total capital assets being depreciated	<u>351,503,718</u>	<u>3,191,557</u>	<u>(283,640)</u>	<u>354,411,635</u>
Less accumulated depreciation for:				
Buildings	(62,254,437)	(2,491,627)		(64,746,064)
Improvements other than buildings	(12,634,718)	(930,233)		(13,564,951)
Furniture and equipment	(16,815,106)	(1,181,979)	216,569	(17,780,516)
Infrastructure	(66,945,544)	(1,425,534)		(68,371,078)
Total accumulated depreciation	<u>(158,649,805)</u>	<u>(6,029,373)</u>	<u>216,569</u>	<u>(164,462,609)</u>
Total capital assets being depreciated, net	<u>192,853,913</u>	<u>(2,837,816)</u>	<u>(67,071)</u>	<u>189,949,026</u>
Governmental Activities Capital Assets, Net	<u>\$ 281,799,435</u>	<u>\$ 13,357,820</u>	<u>\$ (1,619,069)</u>	<u>\$ 293,538,186</u>

Amount includes an adjustment to Construction in Progress of \$535,163 for road paving and drainage repairs that were reclassified to repairs and maintenance and not capitalized.

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

Governmental activities:	
General Government	\$ 49,372
Public Safety	817,800
Public Works	2,134,409
Culture and recreation	430,179
Human Services	36,806
Education	<u>2,560,807</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 6,029,373</u>

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2021**

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**Construction Commitments**

The Town has active construction projects as of June 30, 2021. At year end, the Town’s commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Road Improvement Projects	\$ 3,164,719	\$ 4,803,299
Board of Education Projects	62,462,748	3,534,025
Other Projects	376,844	-
Sewer Projects	191,586	85,086

The commitments are being financed by General Fund appropriations, permanent financing and participation in the State’s Highway Planning and Construction Program.

**6. INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances are a result of timing differences between the dates payments occurred for various activities. A summary of interfund balances as of June 30, 2021 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General Fund	Nonmajor Governmental Funds	\$ 41,468
Sewer Operating Fund	General Fund	2,213,400
ARPA Fund	General Fund	3,871,330
Nonmajor Governmental Funds	General Fund	3,258,675
Capital Projects Funds	General Fund	<u>3,918,839</u>
Total		<u>\$ 13,303,712</u>

Interfund receivables and payables generally represent temporary balances from reimbursement type transactions.



**TOWN OF SOUTH WINDSOR, CONNECTICUT  
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Transfers are used to account for the financing by the General Fund of various programs and activities in other funds. The transfers that occurred during the year are as follows:

	<b>Transfers In</b>			<b>Total Transfers Out</b>
	<b>General Fund</b>	<b>Capital Projects</b>	<b>Sewer Operating</b>	
Transfers out:				
General Fund	\$	\$	\$	\$
Sewer Operating	45,768	2,241,339	1,341,794	2,241,339
Capital Projects Fund				1,387,562
Nonmajor Governmental	4,669	100,000	25,006	129,675
Total Transfers In	<u>\$ 50,437</u>	<u>\$ 3,683,133</u>	<u>\$ 25,006</u>	<u>\$ 3,758,576</u>

**7. LONG-TERM DEBT**

**Changes in Long-Term Liabilities**

A schedule of long-term liabilities outstanding at June 30, 2021 is presented below:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Bonds payable:					
Bonds payable	\$ 60,635,000	\$ 46,110,000	\$ (9,155,000)	\$ 97,590,000	\$ 7,014,999
Premiums	3,698,889	3,476,544	(1,109,537)	6,065,896	
	<u>64,333,889</u>	<u>49,586,544</u>	<u>(10,264,537)</u>	<u>103,655,896</u>	<u>7,014,999</u>
Notes Payable	18,836,584		(18,289,511)	547,073	109,033
Capital leases	3,185,054	1,145,209	(1,271,723)	3,058,540	762,904
Compensated absences	8,995,904		(500,941)	8,494,963	1,873,248
Net OPEB liability	9,424,794		(935,516)	8,489,278	
Net pension liability	16,321,187		(9,929,213)	6,391,974	
Total Governmental Activities Long-Term Liabilities	<u>\$ 121,097,412</u>	<u>\$ 50,731,753</u>	<u>\$ (41,191,441)</u>	<u>\$ 130,637,724</u>	<u>\$ 9,760,184</u>

For the governmental activities, compensated absences and net pension and OPEB liabilities are generally liquidated by the General Fund.

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
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Bonds and notes payable at June 30, 2021 comprise the following:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2021</u>
General Purpose:					
Improvement bond	2/15/2012	2/15/2022	1.0-2.0%	\$ 2,000,000	\$ 200,000
Refunding bond	6/4/2014	8/15/2022	2.0-5.0%	4,222,000	975,000
Improvement bond	2/18/2015	2/15/2035	1.75-4.0%	1,900,000	
Improvement bond	2/17/2016	2/15/2036	2.0-5.0%	3,000,000	2,360,000
Improvement bond	2/15/2017	2/15/2033	2.0-5.0%	4,000,000	2,490,000
Improvement bond	2/16/2018	2/15/2038	3.0-5.0%	4,000,000	3,580,000
Refunding bond	8/15/2017	8/15/2033	2.0-4.0%	1,862,000	1,625,000
Improvement bond	2/14/2019	2/1/2039	2.0-5.0%	750,000	680,000
Refunding bond	6/27/2019	8/1/2030	2.375-4.0%	9,155,000	8,255,000
Improvement bond	2/12/2021	6/30/2041	1.1-4.0%	4,000,000	4,000,000
Refunding bond	3/30/2021	6/30/2035	2.0-4.0%	1,393,000	1,393,000
Schools:					
Improvement bond	2/18/2015	2/15/2035	1.75-4.0%	3,260,000	
Improvement bond	2/17/2016	2/15/2036	2.0-5.0%	1,300,000	1,040,000
Improvement bond	2/15/2017	2/15/2033	3.0-5.0%	7,860,000	5,325,000
Improvement bond	2/16/2018	2/15/2038	3.0-5.0%	7,500,000	6,365,000
Refunding bond	8/15/2017	8/15/2033	2.0-4.0%	702,000	612,000
Improvement bond	2/14/2019	2/1/2039	2.0-5.0%	4,500,000	4,070,000
Improvement bond	2/13/2020	2/1/2040	2.0-5.0%	13,500,000	12,825,000
Improvement bond	2/12/2021	6/30/2041	1.1-4.0%	23,000,000	23,000,000
Refunding bond	3/30/2021	6/30/2035	2.0-4.0%	2,240,000	2,240,000
Sewer:					
Clean Water Note Vernon	1/1/2002	7/1/2021	2%	800,000	452
Clean Water Note Pleasant	11/30/2005	5/31/2025	2%	402,727	91,169
Clean Water Note Submersible pump station	12/28/2006	7/1/2026	2%	1,568,029	455,452
Clean Water Note	10/31/2012	12/30/2032	2%	27,516,583	
Refunding bond	8/15/2017	8/15/2033	2.0-4.0%	1,561,000	1,363,000
Refunding bond	3/30/2021	6/30/2023	2.0-4.0%	15,477,000	15,192,000
Total					\$ <u>98,137,073</u>

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
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The following is a schedule of future debt service requirements as of June 30, 2021:

Fiscal Year Ending	General Obligation Bonds		Notes Payable		Total Debt Service	
	Principal Payments	Interest Payments	Principal Payments	Interest Payments	Principal Payments	Interest Payments
2022	\$ 7,014,999	\$ 2,956,433	\$ 109,033	9,949	7,124,032	2,966,382
2023	6,685,001	2,671,525	110,775	7,749	6,795,776	2,679,274
2024	6,395,000	2,367,775	113,011	5,513	6,508,011	2,373,288
2025	6,340,000	2,111,000	113,274	3,232	6,453,274	2,114,232
2026	6,433,000	1,855,100	93,135	1,169	6,526,135	1,856,269
2027-2031	32,472,000	5,912,513	7,845	13	32,479,845	5,912,526
2032-2036	20,805,000	2,450,894			20,805,000	2,450,894
2037-2041	11,445,000	662,657			11,445,000	662,657
	<u>\$ 97,590,000</u>	<u>\$ 20,987,897</u>	<u>\$ 547,073</u>	<u>\$ 27,625</u>	<u>\$ 98,137,073</u>	<u>\$ 21,015,522</u>

Debt service expenditures were funded by the General Fund and the Sewer Operating Fund.

The Town issued \$27,000,000 of general obligation bonds on February 12, 2021 for various capital improvement projects. The bonds bear interest of 1.1 - 4.0% and mature on February 1, 2040.

On March 30, 2021, the Town issued \$19,110,000 in General Obligation Refunding Bonds with interest rates between 2.00% and 4.00% and a final maturity of June 30, 2035. The bonds were issued to advance refund the 2015 General Obligation Bonds of \$3,960,000 and the 2012 clean water note of \$17,148,210. The net proceeds of \$21,129,324 (after an original premium of \$2,198,526 and payment of \$179,202 in underwriter's fees and other issuance costs) were deposited with an escrow agent in an irrevocable trust fund. The proceeds were used to buy a portfolio of direct obligations of, or obligations guaranteed by, the United State of America to provide all future debt service payments on the refunded bonds. The refunded bonds with a balance of \$21,108,210 were considered defeased and the liability for those bonds has been removed from the statement of net assets. The transaction generated a cash flow savings of \$1,332,354 and a present value savings of \$1,263,540. The bonds were later called prior to year-end and the escrow balance is \$-0- at June 30, 2021.

**Legal Debt Limit**

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

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 244,553,191	\$ 38,160,583	\$ 206,392,608
Schools	489,106,382	129,023,317	360,083,065
Sewers	407,588,651	28,825,485	378,763,166
Urban renewal	353,243,498		353,243,498
Pension deficit	326,070,921		326,070,921

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$760,832,149.

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
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Authorized and unissued debt is as follows:

<u>Project</u>	<u>Authorized</u>	<u>Bonds/BANS</u>		<u>Authorized But Unissued</u>
		<u>Issued</u>	<u>Grants</u>	
Water Pollution Control Facility Project	\$ 47,000,000	\$ 27,516,583	\$ 7,760,005	\$ 11,723,412
Orchard Hill Elementary School Project	33,521,724	20,000,000	11,825,341	1,696,383
2014 - Road/Drainage Improvements	12,000,000	11,350,000	647,417	2,583
Eli Terry Elementary School Project	37,419,060	20,500,000	11,009,401	5,909,659
Philip R. Smith Elementary School Project	32,480,940	16,000,000	9,040,665	7,440,275
2009 Open Space Acquisitions	2,000,000	400,000		1,600,000
2018 - Road/Various Public	15,000,000	9,000,000		6,000,000
Pleasant Valley Elementary School	58,500,000	1,000,000		57,500,000
Total	<u>\$ 237,921,724</u>	<u>\$ 105,766,583</u>	<u>\$ 40,282,829</u>	<u>\$ 91,872,312</u>

**Capital Leases**

The Town has entered into lease agreements for the purchase of various data processing equipment and copiers, public works equipment, a voicemail system, a minibus, communication equipment and vehicles. The annual payments for the agreements are provided for by annual general fund appropriations.

Capital leases that are currently capitalized under the category of machinery and equipment were as follows:

Cost	\$ 11,754,857
Accumulated depreciation	<u>(3,291,323)</u>
Net Leased Equipment	<u>\$ 8,463,534</u>

The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception. The following is a schedule of the minimum lease payments under the lease, and the present value of the future minimum lease payments at June 30, 2021:

<u>Fiscal Year Ending</u>	
2022	\$ 860,017
2023	795,996
2024	813,762
2025	513,977
2026	234,326
2027-2030	92,577
Less amount representing interest	<u>(252,115)</u>
Present Value of Minimum Lease Payments	<u>\$ 3,058,540</u>

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
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**Bond Anticipation Notes**

The Town issued bond anticipation notes on February 12, 2021 maturing on February 11, 2022 for \$6,000,000. The current interest rate on the notes is 1.50% and is recorded as a liability in the Capital Projects Fund. The following is a schedule of bond anticipation note activity for the fiscal year ended June 30, 2021:

<u>Project</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2020</u>
Eli Terry Elementary School Project	2/13/2020	2/12/2021	1.75%	9,000,000		(9,000,000)	-
Philip R. Smith Elementary School Project	2/13/2020	2/12/2021	1.75%	7,000,000		(7,000,000)	-
2018 - Road/Various Public	2/13/2020	2/12/2021	1.75%	2,000,000		(2,000,000)	-
2018 - Road/Various Public Improvements	2/12/2021	2/11/2022	1.50%		5,000,000		5,000,000
Pleasant Valley Elementary School	2/12/2021	2/11/2022	1.50%		1,000,000		1,000,000
Total				\$ 18,000,000	\$ 6,000,000	\$ (18,000,000)	\$ 6,000,000

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
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**8. FUND BALANCE**

The components of fund balance for the governmental funds at June 30, 2021 are as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Sewer Operating Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Inventory	\$	\$	\$	\$ 20,704	\$ 20,704
Prepaid items	79,619				79,619
Restricted for:					
Education	1,409,700			1,520,837	2,930,537
Public safety				140,711	140,711
Public works				243,582	243,582
Health and welfare				807,485	807,485
Committed to:					
General government				383,792	383,792
Public safety				72,465	72,465
WPCA capital improvements					
Public works			2,070,992		2,070,992
Health and welfare					
Culture and recreation				711,856	711,856
Education				363,489	363,489
Capital Projects					
Tax Stabilization Program	3,200,000				3,200,000
Assigned to:					
Various capital projects					
Subsequent year's budget					
General government	30,927				30,927
Public safety	350,368				350,368
Public works	116,869				116,869
Health and welfare	3,940				3,940
Culture and recreation	55,546				55,546
Education	1,573,541				1,573,541
Unassigned	<u>28,152,804</u>	<u>(5,177,951)</u>			<u>22,974,853</u>
<b>Total Fund Balances</b>	<b>\$ <u>34,973,314</u></b>	<b>\$ <u>(5,177,951)</u></b>	<b>\$ <u>2,070,992</u></b>	<b>\$ <u>4,264,921</u></b>	<b>\$ <u>36,131,276</u></b>

Significant encumbrances of \$2,131,191, \$76,937 and \$204,123 are included in the General Fund, Sewer Operating Fund and nonmajor governmental fund Recreation, respectively, at June 30, 2021.

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2021**

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**9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

*Pension Trust Fund*

**A. Plan Description and Benefits Provided**

The Town is the administrator of two single-employer, defined benefit pension plans, the Town Plan and Board of Education Plan. Plan provisions are established and amended by the Town Council and Board of Education. The first plan includes the following groups of Town employees: management, police union, Town Hall union, highway union, pollution union, library and dispatchers' union. The second plan covers Board of Education management, custodians, secretaries and nurses. The two pension plans are part of the Town's financial reporting entity and are accounted for as pension trust funds. The plans do not issue separate, stand-alone financial reports.

Management of the plans rests with the Pension Committee, which consists of nine members. The Pension Committee is comprised of the Town Manager, Finance Director, the Mayor or designee, two members of the Town Council appointed by the Town Council, two Town employees appointed by the Town Manager and two committee members representing the Town Board of Education. The Pension Committee members appointed by the Town Council are appointed for two-year terms, except that the terms shall expire concurrent with their term of office or when they leave their council position.

As of July 1, 2020, the plans' membership consisted of:

	<u>Town Plan</u>	<u>Board of Education Plan</u>
Retirees and beneficiaries currently receiving benefits	89	77
Terminated members entitled to benefits but not yet receiving them	17	19
Current active members	<u>68</u>	<u>60</u>
Total	<u><u>174</u></u>	<u><u>156</u></u>

**B. Summary of Significant Accounting Policies and Plan Asset Matters**

**Basis of Accounting**

The pension trust funds' financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due, pursuant to formal commitments and contractual requirements, and investment income is recognized when earned. Expenses (benefits and administration) are recognized when due and payable in accordance with the terms of each plan.

**Valuation of Investments**

Investments are valued at fair value, based upon quoted market prices. Securities traded on national exchanges are valued at the last reported sales price.

## **Benefit Provisions**

### **Town Plan**

Employees become eligible to participate in the plan upon completing one year of continuous service, attaining age 21 and agreeing in writing to make required employee contributions. Police officers are 100% vested after completing ten years of continuous service. Highway, dispatchers, pollution union, town hall, management and library employees are 100% vested after completing five years of continuous service. Plan is now closed to newly hired employees.

### **Board of Education Plan**

Employees become eligible to participate in the plan upon completing 1 year of continuous service, attaining age 21 and agreeing in writing to make required employee contributions. Employees are 100% vested after completing five years of continuous service. Plan is now closed to newly hired employees.

## **C. Funding Policy**

### **Employer Contributions**

The Town is required to contribute amounts necessary to fund benefits. The Town's contributions to both plans are actuarially determined on an annual basis using the entry age normal cost method. For both plans, administrative costs are generally financed through investment earnings.

### **Employee Contributions**

Required employee contribution rates under the Town Plan are 7.75% of covered payroll for police employees, 6% for dispatchers and 4.5% for all other employees. Participants in the Board of Education Plan contribute 4.5% of covered payroll.

## **D. Investments**

### **Investment Policy**

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Committee by a majority vote of its members. It is the policy of the Pension Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2021:



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<u>Asset Class</u>	<u>Targeted Allocation</u>
U.S. Core Fixed Income	23.50%
U.S. Bank I Leveraged Loans	1.50%
US Inflation-Indexed Bonds	1.23%
Global Bonds	2.50%
U.S. Large Caps	16.00%
U.S. Small Caps	9.00%
US Large Growth	4.00%
US Large Value	6.50%
Non-US Equity	28.00%
Global REITs	5.85%
Infrastructure	0.70%
Commodities	1.22%
	<u>100%</u>

**Rate of Return**

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments for the Town and Board of Education plans, net of pension plan investment expense, were 29.94% and 29.79%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**E. Net Pension Liability(Asset) of the Town**

The components of the net pension liability(asset) of the Town and Board of Education plans at June 30, 2021 were as follows:

	<u>Town</u>	<u>Board of Education</u>
Total pension liability	\$ 48,426,833	\$ 19,595,133
Plan fiduciary net position	<u>42,034,859</u>	<u>19,664,142</u>
Net Pension Liability (Asset)	<u>\$ 6,391,974</u>	<u>\$ (69,009)</u>
Plan fiduciary net position as a percentage of the total pension liability	86.80%	100.35%

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
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**Actuarial Assumptions**

The total pension liability for the Town and Board of Education plans were determined by an actuarial valuation as of July 1, 2020 rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.0%, average, including inflation
Investment rate of return	6.50% for the Town and Board of Education, net of pension plan investment expense, including inflation
Amortization Period	24 years, closed

Mortality rates were based on the PubS-2010 for Police and PubG-2010 for all others, Mortality Table with generational projection per the MP ultimate scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return included in the pension plan's target asset allocation as of June 30, 2021 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>	
	<u>Town</u>	<u>BOE</u>
U.S. Core Fixed Income	1.28%	1.28%
U.S. Bank I Leveraged Loans	2.60%	2.60%
US Inflation-Indexed Bonds	1.57%	1.57%
Global Bonds	0.35%	0.35%
U.S. Large Caps	3.33%	3.33%
U.S. Small Caps	4.11%	4.11%
US Large Growth	3.28%	3.28%
US Large Value	3.67%	3.67%
Non-US Equity	4.84%	4.84%
Global REITs	4.26%	4.26%
Infrastructure	4.21%	4.21%
Commodities	1.27%	1.27%

**Discount Rate**

The discount rate used to measure the total pension liability for the Town and Board of Education plans was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
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member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate of 6.50% for the Town and Board of Education plans as of June 30, 2021 changed from 6.75% as of June 30, 2020.

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

The following presents the net pension liability of the Town and Board of Education, calculated using the discount rate of 6.50%, as well as what the Town and Board of Education's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease (5.50%)</u>	<u>Current Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Town's Net Pension Liability	\$ 12,276,884	\$ 6,391,974	\$ 1,641,769
Board of Education's Net Pension Liability (Asset)	2,204,201	(69,009)	(1,863,465)

Changes in the Net Pension Liability

	<u>Town Pension Plan</u>		
	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a)-(b)</u>
Balances as of July 1, 2020	\$ 45,350,359	\$ 31,758,433	\$ 13,591,926
Changes for the year:			
Service cost	683,048		683,048
Interest on total pension liability	3,021,228		3,021,228
Differences between expected and actual experience	107,712		107,712
Changes in assumptions	1,855,754		1,855,754
Employer contributions		2,952,021	(2,952,021)
Member contributions		309,496	(309,496)
Net investment income		9,682,823	(9,682,823)
Benefit payments, including refund to employee contributions	(2,591,268)	(2,591,268)	-
Administrative expenses		(76,646)	76,646
Net changes	<u>3,076,474</u>	<u>10,276,426</u>	<u>(7,199,952)</u>
Balances as of June 30, 2021	<u>\$ 48,426,833</u>	<u>\$ 42,034,859</u>	<u>\$ 6,391,974</u>

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**Board of Education Pension Plan**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a)-(b)</b>
Balances as of July 1, 2020	\$ 18,212,768	\$ 15,483,507	\$ 2,729,261
Changes for the year:			
Service cost	428,841		428,841
Interest on total pension liability	1,224,594		1,224,594
Differences between expected and actual experience	(90,391)		(90,391)
Changes in assumptions	834,870		834,870
Employer contributions		570,615	(570,615)
Member contributions		165,128	(165,128)
Net investment income (loss)		4,504,993	(4,504,993)
Benefit payments, including refund to employee contributions	(1,015,549)	(1,015,549)	-
Administrative expenses		(44,552)	44,552
Net changes	<u>1,382,365</u>	<u>4,180,635</u>	<u>(2,798,270)</u>
Balances as of June 30, 2021	\$ <u>19,595,133</u>	\$ <u>19,664,142</u>	\$ <u>(69,009)</u>

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**F. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2021, the Town and Board of Education pension plans recognized pension expense of \$241,105 and \$6,947, respectively. At June 30, 2021, the Town and Board of Education pension plans reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<b>Town</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 67,819	\$ 112,350
Changes of assumptions	1,168,438	
Net difference between projected and actual earning on pension plan investments	<u>                    </u>	<u>5,186,431</u>
Total	<u>\$ 1,236,257</u>	<u>\$ 5,298,781</u>

	<b>Board of Education</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 345,917	\$ 63,805
Changes of assumptions	589,320	85,552
Net difference between projected and actual earning on pension plan investments	<u>                    </u>	<u>2,388,656</u>
Total	<u>\$ 935,237</u>	<u>\$ 2,538,013</u>

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

<b>Year Ending June 30</b>	<b>Town</b>	<b>BOE</b>
2022	\$ (597,885)	\$ (197,404)
2023	(621,028)	(183,278)
2024	(1,339,743)	(527,959)
2025	(1,503,868)	(694,135)

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
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**G. Combining Financial Statements**

	<u>Town Plan</u>	<u>Board of Education Plan</u>	<u>Other Post Employment Benefit Trust Fund</u>	<u>Total</u>
<b>Assets:</b>				
Cash and cash equivalent	\$ 1,293,657	\$ 598,288	\$ 27,254	\$ 1,919,199
Investments, at fair value:				
Mutual funds	<u>40,741,202</u>	<u>19,065,854</u>	<u>4,401,551</u>	<u>64,208,607</u>
<b>Total Assets</b>	<b>\$ <u>42,034,859</u></b>	<b>\$ <u>19,664,142</u></b>	<b>\$ <u>4,428,805</u></b>	<b>\$ <u>66,127,806</u></b>
Net Position Restricted for Pension Benefits	<u>\$ 42,034,859</u>	<u>\$ 19,664,142</u>	<u>\$ 4,428,805</u>	<u>\$ 66,127,806</u>
	<u>Town Plan</u>	<u>Board of Education Plan</u>	<u>Other Post Employment Benefit Trust Fund</u>	<u>Total</u>
<b>Additions:</b>				
<b>Contributions:</b>				
Employer	\$ 2,952,021	\$ 570,615	\$ 1,055,879	\$ 4,578,515
Employee	<u>309,496</u>	<u>165,128</u>	<u>                    </u>	<u>474,624</u>
Total contributions	3,261,517	735,743	1,055,879	5,053,139
<b>Investment income:</b>				
Net change in fair value of investments	<u>9,682,823</u>	<u>4,504,993</u>	<u>1,054,505</u>	<u>15,242,321</u>
Total additions	<u>12,944,340</u>	<u>5,240,736</u>	<u>2,110,384</u>	<u>20,295,460</u>
<b>Deductions:</b>				
Benefits	2,591,268	1,015,549	712,671	4,319,488
Administration	<u>76,646</u>	<u>44,552</u>	<u>2,523</u>	<u>123,721</u>
Total deductions	<u>2,667,914</u>	<u>1,060,101</u>	<u>715,194</u>	<u>4,443,209</u>
Changes in Net Position	10,276,426	4,180,635	1,395,190	15,852,251
Net Position at July 1, 2020	<u>31,758,433</u>	<u>15,483,507</u>	<u>3,033,615</u>	<u>50,275,555</u>
Net Position at June 30, 2021	<u>\$ 42,034,859</u>	<u>\$ 19,664,142</u>	<u>\$ 4,428,805</u>	<u>\$ 66,127,806</u>

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
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*Connecticut Teachers Retirement System - Pension*

**A. Plan Description**

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

**B. Benefit Provisions**

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

**Normal Retirement**

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

**Early Retirement**

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

**Disability Retirement**

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

**C. Contributions**

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

*Employer (School Districts)*

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

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

For the year ended June 30, 2021, the amount of "on-behalf" contributions made by the State was \$10,521,422 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

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*Employees*

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

Effective July 1, 2018, the required contribution increased to 7% of pensionable salary.

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

At June 30, 2021, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>164,034,106</u>
Total	\$	<u><u>164,034,106</u></u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. At June 30, 2021, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2021, the Town recognized pension expense and revenue of \$23,497,108 in Exhibit II.

**E. Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.00 - 6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2019.

**Cost-of-Living Allowance**

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.



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For teachers who were members of the Teachers’ Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

For teachers who were members of the Teachers’ Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

**Long-Term Rate of Return**

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

<u>Asset Class</u>	<u>Expected Return</u>		<u>Target Allocation</u>
Domestic Equity Fund	5.60	%	20.00
Developed Market Intl. Stock Fund	6.00		11.00
Emerging Market Intl. Stock Fund	7.90		9.00
Core Fixed Income Fund	2.10		16.00
Inflation Linked Bond Fund	1.10		5.00
Emerging Market Debt Fund	2.70		5.00
High Yield Bond Fund	4.00		6.00
Real Estate Fund	4.50		10.00
Private Equity	7.30		10.00
Alternative Investments	2.90		7.00
Liquidity Fund	0.40		1.00
Total			<u>100.00</u>

**F. Discount Rate**

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

**H. Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at [www.ct.gov](http://www.ct.gov).

**I. Other Information**

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

*Defined Contribution Plan*

**A. Plan Description**

The Town is the administrator of a single-employer, defined contribution pension plan, the Town of South Windsor Employee Benefit Plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Plan covers Town nonbargaining unit employees, members of the Police Union hired after July 1, 2005 and members of the Public Works, Community Service Officers and Pollution Control Unions hired after July 1, 2008.

**B. Plan Provisions**

Town nonbargaining unit employees, members of the Police Union hired after July 1, 2005 and members of the Public Works, Community Service Officers and Pollution Control Unions hired after July 1, 2008 who have completed a 12-month period of service shall be eligible to participate in the Plan at the beginning of the payroll period next commencing thereafter. There is no minimum age requirement. For Police, Public Works, Community Service Officers and Pollution Control Union members, benefits vest 20% per year, reaching 100% after five years of participation. For Town nonbargaining unit employees, benefits vest 100% upon eligibility of the employee. Plan provisions and the authority to amend the provisions are established by the Town Council.

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
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**C. Contribution Requirements and Contributions Made**

The employer contribution for members of the Police Union hired after July 1, 2005 and Public Works, Community Service Officers and Pollution Control Unions hired after July 1, 2008 is 6.0% of earnings. The total Town contribution during the year ended June 30, 2021 for these groups was \$269,282 and represented 6.0% of covered payroll. The employees' contributions were \$267,839 and represented the required 6.0% of covered payroll plus any additional contributions up to the IRS allowable maximum.

The employer contribution for Town management group employees is 12.07% of earnings. The total Town contribution during the year ended June 30, 2021 for this group was \$460,287 and represented 12.07% of covered payroll. The employees required contributions were \$179,179 and represented 4.5% of covered payroll. The authority to establish and amend contribution requirements is by the Town Council.

**D. Employer and Employee Obligations**

Members are required to contribute between 4.5% and 6.0% of their annual earnings. The Town is required to contribute between 6.0% and 12.07% of the members' annual earnings.

**10. OTHER POSTEMPLOYMENT BENEFITS**

*OPEB Plan*

**A. Plan Description**

The Town, in accordance with various collective bargaining agreements, provides retiree medical benefits for the lifetime of the retired member and covered dependents. The plan is a single-employer plan that covers Police, Town, Teachers and Board of Education employees as further defined in collective bargaining agreements and other written materials. Eligibility and premium sharing information is detailed in the various collective bargaining agreements. The Town does not issue separate stand-alone financial statements for the plan.

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

In the July 1, 2019, actuarial valuation, the entry age normal actuarial cost method was used. The ADC reflects a closed period, level percent amortization of the unfunded actuarial accrued liability (AAL). The actuarial assumptions include a 6.75% investment rate of return and inflation rate of 2.50%.

Management of the post-employment benefit plan is vested with the Town Manager and the Finance Office. General oversight is provided by the Pension Committee, which consist of nine members.

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At July 1, 2019, plan membership consisted of the following:

Active members	836
Retired members	37
Beneficiaries	1
Spouses of retired members	<u>8</u>
 Total Participants	 <u><u>882</u></u>

**B. Funding Policy**

The Town currently pays for postemployment health care benefits on a pay-as-you-go basis. The Town has established a trust fund to irrevocably segregate assets to fund the liability associated with the postemployment benefits, which is reported as a trust fund in accordance with GASB guidelines. The contribution requirements of plan members and the Town have also negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums. The funding strategy for postemployment obligations is based on the following:

**Teachers and Administrators**

- Those individuals retired under the Connecticut State Teachers Retirement system shall be eligible to receive health benefits for self and spouse.
- Earliest of age 60 with 20 years of service, or completion of 35 years of service regardless of age. Early retirement is the earliest of age 60 with 10 years of service, any age with 25 years of service, or age 55 with 20 years of service.
- 100% of premium is paid by retiree.

**Board of Education SWESS (Support Staff), BOE Non-Union, BOE Custodians/Maintenance, BOE Food-Service Staff and BOE Nurses**

- A retired member shall be eligible to continue health benefits (medical only for Custodians/Maintenance and Nurses) for self and spouse.
- Retirement date is the later of age 62 or the completion of 10 years of service. Early retirement is the first of any month within 10 years of Normal Retirement Date.
- Nurses must be at least age 55 with 10 years of continuous service as a school nurse.
- 100% of premium is paid by retiree.

**Police**

- Completion of 25 years of service or attainment of age 50.
- The Town contributes 75% of the cost of the health insurance for members hired before July 1, 2006. Members hired after July 1, 2006 have the option of continuing medical benefits at their own expense. The retiree shall contribute the remainder of the cost. Coverage is pre-65 only.
- In the event of an employee’s death in the line of duty, the Town shall contribute 100% of the health insurance cost coverage for spouse and dependents. Such contribution shall not exceed a period of 12 months.

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
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**Town Hall Union and Non-Bargaining (Management and Library)**

- Retired employees with at least 10 years of service shall be eligible to continue health coverage at the Town’s group rates.
- Retirement eligibility is age 62 for Town Hall and Management employees and age 65 for the Library.
- 100% of premium is paid by retiree.

**Town (Pollution Union, Dispatchers and Public Works)**

- Retired employees with attainment of age 60 may continue health coverage at the Town group rates.
- 100% of premium is paid by retiree.

**C. Investments**

**Investment Policy**

OPEB Benefit Plan’s policy in regard to the allocation of invested assets is established and may be amended by the trust document. It is the policy of the Pension Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Town’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

**Rate of Return**

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 4.19%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**D. Net OPEB Liability of the Town**

The Town’s net OPEB liability was measured at June 30, 2021. The components of the net OPEB liability of the Town at June 30, 2021 were as follows:

	<u>OPEB Plan</u>
Total OPEB Liability	\$ 12,918,083
Plan fiduciary net position	<u>4,428,805</u>
Net OPEB Liability	<u>\$ 8,489,278</u>
Plan fiduciary net position as a percentage of the total pension liability	34.28%

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of July 1, 2019 rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00%, average, including inflation and graded by age for Teachers and Administrators
Investment rate of return	6.75%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	5.30-4.50% over 52 years
Amortization method	Level percent closed, 13 years for police, 18 years all others

Mortality rates were based on the PubS-2010 Mortality Table with generational projection per the MP-2014 ultimate scale police and PubG-2010 Mortality Table with generational projection per the MP-2014 ultimate scale for all others. This assumption includes a margin for mortality improvements in longevity beyond the valuation date.

The plan has not had a formal actuarial experience study performed.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Targeted Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Core Fixed Income	23.50%	1.28%
U.S. Bank I Leveraged Loans	1.50%	2.60%
US Inflation-Indexed Bonds	1.23%	1.57%
Global Bonds	2.50%	0.35%
U.S. Large Caps	16.00%	3.33%
U.S. Small Caps	9.00%	4.11%
US Large Growth	4.00%	3.28%
US Large Value	6.50%	3.67%
Non-US Equity	28.00%	4.84%
Global REITs	5.85%	4.26%
Infrastructure	0.70%	4.21%
Commodities	1.22%	1.27%
	<u>100%</u>	

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**E. Changes in the Net OPEB Liability**

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a)-(b)</b>
Balances as of July 1, 2020	\$ 12,458,409	\$ 3,033,615	\$ 9,424,794
Changes for the year:			
Service cost	332,611		332,611
Interest on total OPEB liability	839,734		839,734
Employer contributions		1,055,879	(1,055,879)
Net investment income (loss)		1,054,505	(1,054,505)
Benefit payments	(712,671)	(712,671)	-
Administrative expenses		(2,523)	2,523
Net changes	<u>459,674</u>	<u>1,395,190</u>	<u>(935,516)</u>
Balances as of June 30, 2021	<u>\$ 12,918,083</u>	<u>\$ 4,428,805</u>	<u>\$ 8,489,278</u>

The liability changes include assumption changes to the discount rate, the health care cost rate and annual salary increases.

**F. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current discount rate:

	<b>1% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
Net OPEB Liability	\$ 9,591,078	\$ 8,489,278	\$ 7,501,323

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**G. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.30% decreasing to 3.50) or 1 percentage point higher (6.30% decreasing to 5.50%) than the current healthcare cost trend rates:

	<b>1% Decrease (4.30-3.50% Over 52 Years)</b>	<b>Current Trend Rate (5.30-4.50% Over 52 Years)</b>	<b>1% Increase (6.30-5.50% Over 52 Years)</b>
Net OPEB Liability	\$ 7,138,049	\$ 8,489,278	\$ 10,053,518

**H. OPEB Expense and Deferred Outflows of Resources and Deferred inflows of Resources Related to OPEB**

For the year ended June 30, 2021, the Town recognized OPEB expense of \$873,751. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,760,525	\$ 1,450,551
Changes of assumptions or other inputs	168,416	
Net difference between projected and actual earnings		568,217
Total	<u>\$ 1,928,941</u>	<u>\$ 2,018,768</u>

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

<b><u>Year Ending June 30</u></b>	
2022	\$ (84,835)
2023	(110,365)
2024	(128,440)
2025	(142,001)
2026	25,651
Thereafter	350,163



**TOWN OF SOUTH WINDSOR, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
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*Connecticut State Teachers Retirement Plan*

**A. Plan Description**

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost-sharing multiple-employer defined benefit other post employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at [www.ct.gov/trb](http://www.ct.gov/trb).

**B. Benefit Provisions**

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplement Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option must wait two years to re-enroll.

**Survivor Health Care Coverage**

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplement Plans, as long as they do not remarry.

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**C. Eligibility**

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

**Credited Service**

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

**Normal Retirement**

Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

**Early Retirement**

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

**Proratable Retirement**

Age 60 with 10 years of Credited Service.

**Disability Retirement**

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

**Termination of Employment**

Ten or more years of Credited Service.

**D. Contributions**

*State of Connecticut*

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one-third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

*Employer (School Districts)*

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

For the year ended June 30, 2021, the amount of "on-behalf" contributions made by the State was \$253,918 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2021**

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*Employees/Retirees*

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers' pay for one-third of the plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one-third of the plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

**E. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2021, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>24,465,693</u>
Total	<u>\$ 24,465,693</u>

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2020. At June 30, 2021, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2021, the Town recognized OPEB expense and revenue of \$1,130,129 in Exhibit II.

**F. Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Health care costs trend rate	5.125% for 2020, decreasing to an ultimate Rate of 4.50% by 2023
Salary increases	3.00-6.50%, including inflation
Investment rate of return	2.21%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2021

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2011 - June 30, 2019.

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

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The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.42%).

**G. Discount Rate**

The discount rate used to measure the total OPEB liability was 2.21%. The projection of cash flows used to determine the discount rate assumed that total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%; employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. Annual State contributions were assumed to be equal to the most recent five-year average of State contributions to the fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2021 and, as a result, the Municipal Bond Index Rate was used in the determination.

**H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate**

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

**I. Other Information**

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at [www.ct.gov](http://www.ct.gov).

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2021**

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**11. RISK MANAGEMENT**

The Town is exposed to various risks of loss including torts; public official liabilities; police liability; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Generally, the Town obtains commercial insurance for these risks, but has chosen to retain the risk for the Town and Board of Education employees' medical claims. This fund is reported as an Internal Service Fund. During the year, deductibles paid by the Town were insignificant. Settled claims have not exceeded insurance in any of the past three years. There were no significant reductions in insurance coverage from amounts held the prior year.

Town health benefits are provided through an Internal Service Fund. The Self Insurance Reserve Fund accounts for medical claim activity and service fees on a self-insured basis. Town liability is limited through the purchase of Individual Stop Loss (ISL) and that caps the Town's liability annually to \$200,000 per participant. Anthem and Delta Dental are the Town's medical providers and administer payment of claims directly to providers. The town works with a consultant to analyze claims, calculate the incurred but not reported (IBNR) claims liability at year end as well as advise the town on all health-related issues throughout the year.

An analysis of the activity in the claims liability for the medical insurance fund is as follows:

	<b>Claims Payable July 1</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claims Payments</b>	<b>Claims Payable June 30</b>
Medical Insurance Fund:				
2019-2020	\$ 812,297	\$ 13,025,106	\$ 13,102,403	\$ 735,000
2020-2021	735,000	12,935,372	12,880,832	789,540

The Town is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies, which was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program pursuant to the provisions of Section 7-479a et seq. of the Connecticut General Statutes.

The Town is a member of CIRMA's Liability-Automobile-Property Pool, a risk-sharing pool. The Liability-Automobile-Property Pool provides general liability, automobile liability, employee benefit liability, public officials and property coverage. The premium is subject to these coverages, and claims and expense payments falling within the deductible amounts are the responsibility of the Town. CIRMA's Liability-Automobile-Property Pool retains \$1,000,000 per occurrence for each line of liability coverage.

The Town is also a member of CIRMA's Workers' Compensation Pool, a risk-sharing pool. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an incurred loss retrospective rating plan, and losses incurred in the coverage period will be evaluated at 18, 30 and 42 months after the effective date of coverage. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence and purchases reinsurance above that amount to the limit of liability of \$10 million per occurrence.

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2021**

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**12. CONTINGENT LIABILITIES**

There are various suits and claims pending against the Town, none of which, individually or in the aggregate, is believed by counsel to be likely to result in a judgment or judgments that would materially affect the Town’s financial position.

**13. TAX ABATEMENTS**

The Town has entered into multiple tax abatement agreements with developers and real property owners in order to assist in the economic development of the Town. The Town has agreed to provide a reduction to the real property assessments for a period of time to offset the cost of developing the area pursuant to Chapter 203 of the Connecticut General Statutes. The Town reduced its property tax revenue by \$1,886,548 for the year ended June 30, 2021.

**14. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT**

The Town previously reported the activities of the Performance Bonds Agency Fund and Schools Activity Agency Fund as fiduciary funds. As a result of implementation of GASB No. 84, *Fiduciary Activities*, as of July 1, 2020, the Town made the following reporting changes: The activities of the Performance Bonds Fund are reported with the general fund activities, and the Schools Activity Fund is reported as a special revenue fund. Accordingly, the Town restated the beginning assets and liabilities of the General Fund by \$1,472,813. The remaining assets of \$408,714 previously reported in the agency fund were recognized as assets and fund balance of the newly created special revenue fund. Accordingly, the Town restated beginning balances of the assets, liabilities, fund balance and net position as follows:

	Governmental Activities Net Position	Nonmajor Governmental Funds Fund Balance
	<u>                    </u>	<u>                    </u>
Balance as previously reported June 30, 2020	\$ 179,596,238	\$ 3,988,185
Adjustment		
Schools Activity Fund reported as a special revenue fund	<u>408,714</u>	<u>408,714</u>
Balance as restated at July 1, 2020	<u>\$ 180,004,952</u>	<u>\$ 4,396,899</u>

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**Fiduciary Funds:**

	<u>Agency Funds</u>
Balance as previously reported June 30, 2020	\$ 1,881,527
Adjustment	
Schools Activity Fund reported as a special revenue fund	(408,714)
Performance Bonds reported with General Fund	<u>(1,472,813)</u>
Balance as restated at July 1, 2020	\$ <u><u>-</u></u>

# **Required Supplementary Information**



**TOWN OF SOUTH WINDSOR, CONNECTICUT  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
<b>Property Taxes:</b>				
Current taxes	\$ 106,523,792	\$ 106,523,792	\$ 106,526,462	\$ 2,670
Delinquent taxes	800,000	800,000	1,553,985	753,985
Supplemental motor vehicles	900,000	900,000	1,059,072	159,072
Interest	500,000	500,000	1,668,750	1,168,750
Liens	7,000	7,000	6,315	(685)
Housing authority - PILOT (in lieu of taxes)	31,000	31,000	60,824	29,824
Telephone access relief	35,000	35,000	36,294	1,294
Total property taxes	<u>108,796,792</u>	<u>108,796,792</u>	<u>110,911,702</u>	<u>2,114,910</u>
<b>Intergovernmental:</b>				
State assistance - education:				
Education equalization	10,500,000	10,500,000	10,896,307	396,307
Other assistance:				
Elderly tax freeze			1,835	1,835
State in lieu of taxes	142,250	142,250	142,250	-
DOT Elderly Transportation	33,444	33,444	33,444	-
FEMA reimbursements			10,361	10,361
State sundry grants			548,028	548,028
Youth service grants	20,746	20,746	20,935	189
Municipal stabilization			57,854	57,854
Municipal grants-in-aid	1,338,190	1,338,190	1,776,486	438,296
Veterans' exemption	14,000	14,000	13,410	(590)
Total intergovernmental	<u>12,048,630</u>	<u>12,048,630</u>	<u>13,500,910</u>	<u>1,452,280</u>
<b>Charges for Services:</b>				
Public works compost revenue			95,484	95,484
Building permits	875,000	875,000	1,293,719	418,719
Town Manager's rents			3,131	3,131
Probate court rentals	8,500	8,500	7,045	(1,455)
Town Clerk fees	600,000	600,000	1,296,848	696,848
Planning and zoning fees	25,000	25,000	25,893	893
General government sundry	250,000	250,000	260,895	10,895
Police	20,000	20,000	32,629	12,629
Recycling rebate			3,164	3,164
Health permits	25,000	25,000	29,733	4,733
Engineering permits	9,000	9,000	14,890	5,890
Zoning board of appeals	1,000	1,000		(1,000)
Refuse and recycling	80,000	80,000	69,229	(10,771)
Fire Marshal fees	100,000	100,000	245,196	145,196
Total charges for services	<u>1,993,500</u>	<u>1,993,500</u>	<u>3,377,856</u>	<u>1,384,356</u>
Investment Earnings	<u>950,000</u>	<u>950,000</u>	<u>64,580</u>	<u>(885,420)</u>
<b>Total Revenues</b>	<u>123,788,922</u>	<u>123,788,922</u>	<u>127,855,048</u>	<u>4,066,126</u>

(Continued on next page)

**TOWN OF SOUTH WINDSOR, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
Other Financing Sources:				
Transfers in:				
Sewer Operating	\$ 45,000	\$ 45,000	\$ 45,768	\$ 768
Library funds	14,000	14,000	4,669	(9,331)
Fund balance appropriation	<u>500,000</u>	<u>500,000</u>		<u>(500,000)</u>
Total other financing sources	<u>559,000</u>	<u>559,000</u>	<u>50,437</u>	<u>(508,563)</u>
Total Revenues and Other Financing Sources	<u>\$ 124,347,922</u>	<u>\$ 124,347,922</u>	127,905,485	<u>\$ 3,557,563</u>
Budgetary revenues are different from GAAP revenues because:				
Premiums on bond issuance not budgeted			1,278,018	
Miscellaneous debt service proceeds not budgeted			2,227	
Special Ed Reserve revenue not budgeted			1,143	
Cancellation of prior year encumbrances			(10,026)	
OPEB expense from State of Connecticut			253,918	
Pension expense from State of Connecticut			<u>10,521,422</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 139,952,187</u>	

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget (Over) Under</u>
General Government:				
Legislative:				
Town Council	\$ 195,292	\$ 195,292	\$ 172,083	\$ 23,209
Boards and Commissions:				
Human relations commission	2,500	2,500	1,685	815
Historic district commission	1,000	1,000	145	855
Public building commission	2,050	2,050	1,404	646
South Windsor redevelopment	1,000	1,000		1,000
Inland/wetlands - conservation	7,455	7,455	3,397	4,058
Land preservation advisory	300	300		300
Open space task force	500	500	36	464
Juvenile firesetter commission	1,500	1,500		1,500
Park and recreation commission	4,900	4,900	1,036	3,864
Planning and zoning	9,500	9,500	8,834	666
Zoning board of appeals	3,200	3,200	312	2,888
Black lives matter subcommittee		1,000	700	300
Economic development coordinator	3,300	3,300	1,400	1,900
Total boards and commissions	<u>37,205</u>	<u>38,205</u>	<u>18,949</u>	<u>19,256</u>
Judicial:				
Probate court	<u>20,375</u>	<u>20,375</u>	<u>9,423</u>	<u>10,952</u>
Elections:				
Registrar of voters	<u>187,584</u>	<u>187,584</u>	<u>186,421</u>	<u>1,163</u>
Executive:				
Town manager	209,188	209,188	197,807	11,381
Human resources	318,628	318,628	311,305	7,323
Total executive	<u>527,816</u>	<u>527,816</u>	<u>509,112</u>	<u>18,704</u>
Community Development:				
Economic development	115,769	115,769	107,200	8,569
Planning department	316,112	316,112	303,702	12,410
Building department	298,940	298,940	275,711	23,229
Total community development	<u>730,821</u>	<u>730,821</u>	<u>686,613</u>	<u>44,208</u>
Finance:				
Assessor	324,623	323,974	288,769	35,205
Collector of revenue	227,523	227,523	200,981	26,542
Finance office	380,458	380,458	337,426	43,032
Total finance	<u>932,604</u>	<u>931,955</u>	<u>827,176</u>	<u>104,779</u>
Recording and Reporting:				
Town clerk	<u>228,566</u>	<u>228,566</u>	<u>224,248</u>	<u>4,318</u>
Law:				
Town attorney	<u>175,000</u>	<u>175,000</u>	<u>277,373</u>	<u>(102,373)</u>
Central Services:				
Town Hall	267,330	267,330	252,151	15,179
Information technology	1,102,389	1,095,949	1,038,461	57,488
175th Anniversary	25,000	25,000	25,000	-
Media	34,320	40,760	40,760	-
Total central services	<u>1,429,039</u>	<u>1,429,039</u>	<u>1,356,372</u>	<u>72,667</u>
Total general government	<u>4,464,302</u>	<u>4,464,653</u>	<u>4,267,770</u>	<u>196,883</u>

(Continued on next page)

**TOWN OF SOUTH WINDSOR, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget (Over) Under</u>
Public Safety:				
Police Protection:				
Police administration	\$ 610,795	\$ 620,803	\$ 614,685	\$ 6,118
Operations	4,429,558	4,419,550	4,406,812	12,738
Support services	2,173,729	2,173,729	1,949,237	224,492
Community services	186,870	186,870	177,009	9,861
Total police protection	<u>7,400,952</u>	<u>7,400,952</u>	<u>7,147,743</u>	<u>253,209</u>
Fire Protection:				
Fire marshal	324,615	308,215	293,013	15,202
Volunteer fire department	1,011,088	1,011,088	1,011,088	-
Hydrants and water lines	966,000	966,000	943,659	22,341
Total fire protection	<u>2,301,703</u>	<u>2,285,303</u>	<u>2,247,760</u>	<u>37,543</u>
Emergency management	<u>19,985</u>	<u>56,385</u>	<u>40,153</u>	<u>16,232</u>
Other protection:				
Street lights	<u>427,500</u>	<u>427,500</u>	<u>280,083</u>	<u>147,417</u>
Total public safety	<u>10,150,140</u>	<u>10,170,140</u>	<u>9,715,739</u>	<u>454,401</u>
Public Works:				
Administration:				
Management				-
Engineering:				
Technical support	<u>510,475</u>	<u>508,175</u>	<u>492,872</u>	<u>15,303</u>
Street Services:				
Highway maintenance	3,157,757	3,112,757	2,908,879	203,878
Fleet services	1,041,125	1,041,125	822,028	219,097
Total street services	<u>4,198,882</u>	<u>4,153,882</u>	<u>3,730,907</u>	<u>422,975</u>
Public Buildings:				
Building maintenance	<u>1,982,946</u>	<u>1,930,694</u>	<u>1,921,799</u>	<u>8,895</u>
Pollution Control:				
Refuse and recycling	<u>2,245,349</u>	<u>2,247,649</u>	<u>2,247,643</u>	<u>6</u>
Total public works	<u>8,937,652</u>	<u>8,840,400</u>	<u>8,393,221</u>	<u>447,179</u>
Human Services:				
Conservation of Health:				
Environmental health	195,466	195,466	186,945	8,521
Visiting nurse community care	7,500	4,400	2,343	2,057
Total conservation of health	<u>202,966</u>	<u>199,866</u>	<u>189,288</u>	<u>10,578</u>
Human service programs:				
Administration	137,865	137,865	137,670	195
Youth and family services	328,015	327,515	265,314	62,201
Adult and senior services	431,540	432,040	395,044	36,996
Senior bus service	111,389	114,489	72,093	42,396
Sheltered workshops	2,697	2,697	2,697	-
Total human services programs	<u>1,011,506</u>	<u>1,014,606</u>	<u>872,818</u>	<u>141,788</u>
Total human services	<u>1,214,472</u>	<u>1,214,472</u>	<u>1,062,106</u>	<u>152,366</u>

(Continued on next page)

**TOWN OF SOUTH WINDSOR, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget (Over) Under</u>
Culture and Recreation:				
Recreation administration	\$ 2,302,687	\$ 2,302,687	\$ 2,331,303	\$ (28,616)
Library	1,203,056	1,203,056	1,216,830	(13,774)
Total culture and recreation	<u>3,505,743</u>	<u>3,505,743</u>	<u>3,548,133</u>	<u>(42,390)</u>
Education	<u>75,399,351</u>	<u>75,399,351</u>	<u>75,167,043</u>	<u>232,308</u>
Insurance and Benefits:				
Municipal insurance:				
Insurance - casualty	<u>276,306</u>	<u>281,371</u>	<u>281,367</u>	<u>4</u>
Pension contributions:				
Pension	2,550,580	3,754,925	3,678,321	76,604
Social security	1,236,628	1,299,088	1,299,074	14
Total pension contributions	<u>3,787,208</u>	<u>5,054,013</u>	<u>4,977,395</u>	<u>76,618</u>
Health and life insurance	<u>4,109,398</u>	<u>2,796,168</u>	<u>2,672,273</u>	<u>123,895</u>
Workers' compensation	<u>385,868</u>	<u>385,868</u>	<u>383,398</u>	<u>2,470</u>
Unemployment compensation	<u>13,000</u>	<u>54,360</u>	<u>54,360</u>	<u>-</u>
Salary contingency	<u>100,000</u>	<u>100,000</u>	<u></u>	<u>100,000</u>
Total insurance and benefits	<u>8,671,780</u>	<u>8,671,780</u>	<u>8,368,793</u>	<u>302,987</u>
Other:				
Contingency	161,505	94,505	2,000	92,505
South Windsor patriotic commission	13,500	13,500	11,540	1,960
Cemeteries	12,000	18,000	18,000	-
Wood Memorial Library	12,500	12,500	12,500	-
Total other	<u>199,505</u>	<u>138,505</u>	<u>44,040</u>	<u>94,465</u>
Debt Service:				
Principal	6,131,767	6,086,617	6,084,349	2,268
Interest	3,569,772	3,614,922	3,545,726	69,196
Total debt service	<u>9,701,539</u>	<u>9,701,539</u>	<u>9,630,075</u>	<u>71,464</u>
Total expenditures	122,244,484	122,106,583	120,196,920	1,909,663
Other Financing Uses:				
Transfer out	<u>2,103,438</u>	<u>2,241,339</u>	<u>2,241,339</u>	<u>-</u>
Total	<u>\$ 124,347,922</u>	<u>\$ 124,347,922</u>	122,438,259	<u>\$ 1,909,663</u>

Budgetary expenditures are different from GAAP expenditures because:  
Encumbrances for purchases and commitments ordered but not received  
are reported in the year the order is placed for budgetary purposes, but in  
the year received for financial reporting purposes

Accrued payroll not budgeted	2,692,723
OPEB revenue from State of Connecticut	(238,825)
Pension revenue from State of Connecticut	253,918
Net bond issuance costs are not budgeted for	10,521,422

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

\$ 135,667,497

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES)  
BUDGET AND ACTUAL - BUDGETARY BASIS - SEWER OPERATING FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>Revenues:</b>				
Charges for services	\$ 5,358,493	\$ 5,358,493	\$ 5,637,368	\$ 278,875
Investment income	450	450	48	(402)
Miscellaneous	111,000	111,000	167,561	56,561
Total revenues	<u>5,469,943</u>	<u>5,469,943</u>	<u>5,804,977</u>	<u>335,034</u>
<b>Expenditures:</b>				
Full time salaries	1,081,700	1,081,700	1,073,455	8,245
Overtime	114,472	118,172	116,650	1,522
Longevity	700	700	700	-
Employee benefits	522,872	522,872	410,438	112,434
Office supplies	2,000	2,000	1,437	563
Operating material	118,950	134,950	119,649	15,301
Motor vehicle supplies	23,100	23,100	9,486	13,614
Uniforms and clothing	15,750	15,750	15,431	319
Fleet and equipment repair	115,000	131,000	122,004	8,996
Professional	160,100	160,100	146,346	13,754
Rental and leases	33,400	33,400	22,660	10,740
Utilities	456,000	441,000	426,965	14,035
Maintenance contracts	674,300	701,300	682,574	18,726
Repair and maintenance equipment	32,300	32,300	27,512	4,788
Fees and memberships	1,900	1,900	1,320	580
Recruitment and training	23,750	13,250	12,948	302
Other purchase services	326,000	344,000	343,437	563
Capital projects	168,000	168,000	155,869	12,131
Department equipment	76,500	20,500	13,267	7,233
Boards and Commissions - Office supplies	200	200		200
Boards and Commissions - Advertising	900	900	252	648
Boards and commissions fees/memberships	1,800	1,800		1,800
Boards and Commissions - Office equipment				-
Debt service	389,267	389,267	385,278	3,989
Total expenditures	<u>4,338,961</u>	<u>4,338,161</u>	<u>4,087,678</u>	<u>250,483</u>
Excess of Revenues over Expenditures	1,130,982	1,131,782	1,717,299	585,517
<b>Other Financing Sources (Uses):</b>				
Transfers in			25,006	25,006
Transfers out	(1,050,000)	(1,050,800)	(1,387,562)	(336,762)
Net Change in Fund Balance	<u>\$ 80,982</u>	<u>\$ 80,982</u>	354,743	<u>\$ 273,761</u>
Fund Balance at July 1, 2020			<u>1,654,520</u>	
Fund Balance at June 30, 2021			<u>\$ 2,009,263</u>	

Reconciliation to GAAP Basis

	Revenues	Expenditures
Balance, Budgetary Basis - June 30, 2021	\$ 5,804,977	\$ 4,087,678
Accrued payroll not budgeted		(20,365)
Encumbrances outstanding at June 30, 2020 liquidated and cancelled during the year ended June 30, 2021	(20,106)	1,009
Encumbrances charged to budgetary expenditures during the year ended June 30, 2021		(76,937)
Balance, GAAP Basis - June 30, 2021	<u>\$ 5,784,871</u>	<u>\$ 3,991,385</u>

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
TOWN PLAN  
LAST EIGHT FISCAL YEARS**

	2014	2015	2016	2017	2018	2019	2020	2021
Total pension liability:								
Service cost	\$ 344,193	\$ 597,904	\$ 566,952	\$ 532,281	\$ 516,713	\$ 729,114	\$ 674,483	\$ 683,048
Interest	2,494,478	2,658,282	2,931,266	3,052,104	3,073,845	2,877,916	2,965,310	3,021,228
Differences between expected and actual experience		1,272,460	234,828	(996,542)	1,521,292	100,366	(393,226)	107,712
Changes of assumptions	3,396,197	(1,861,513)	3,242,915	1,164,263	(4,354,897)			1,855,754
Benefit payments, including refunds of member contributions	(1,680,365)	(1,591,710)	(1,796,252)	(1,797,376)	(2,050,807)	(2,445,686)	(2,267,474)	(2,591,268)
Administrative expense	(75,832)							
Net change in total pension liability	4,478,671	1,075,423	5,179,709	1,954,730	(1,293,854)	1,261,710	979,093	3,076,474
Total pension liability - beginning	31,714,877	36,193,548	37,268,971	42,448,680	44,403,410	43,109,556	44,371,266	45,350,359
Total pension liability - ending	36,193,548	37,268,971	42,448,680	44,403,410	43,109,556	44,371,266	45,350,359	48,426,833
Plan fiduciary net position:								
Contributions - employer	1,867,793	1,727,470	1,727,470	1,820,733	1,956,477	2,856,477	2,133,752	2,952,021
Contributions - member	257,692	382,108	345,568	397,315	356,918	340,504	437,496	309,496
Net investment income (loss)	3,279,002	70,803	(276,685)	2,772,961	2,256,287	911,856	1,230,917	9,682,823
Benefit payments, including refunds of member contributions	(1,680,365)	(1,591,710)	(1,796,252)	(1,797,376)	(2,050,807)	(2,445,686)	(2,267,474)	(2,591,268)
Administrative expense	(75,832)	(40,061)	(72,564)	(71,177)	(90,956)	(56,241)	(64,036)	(76,646)
Net change in plan fiduciary net position	3,648,290	548,610	(72,463)	3,122,456	2,427,919	1,606,910	1,470,655	10,276,426
Plan fiduciary net position - beginning	18,906,056	22,654,346	23,202,956	23,130,493	26,252,949	28,680,868	30,287,778	31,758,433
Plan fiduciary net position - ending	22,554,346	23,202,956	23,130,493	26,252,949	28,680,868	30,287,778	31,758,433	42,034,859
Net Pension Liability - Ending	\$ 13,639,202	\$ 14,066,015	\$ 19,318,187	\$ 18,150,461	\$ 14,428,688	\$ 14,083,488	\$ 13,591,926	\$ 6,391,974
Plan fiduciary net position as a percentage of the total pension liability	62.32%	62.26%	54.49%	59.12%	66.53%	68.26%	70.03%	86.80%
Covered payroll	\$ 4,749,846	\$ 4,716,701	\$ 4,716,701	\$ 4,540,844	\$ 4,177,838	\$ 5,634,675	\$ 5,548,107	\$ 5,078,360
Net pension liability as a percentage of covered payroll	287.15%	298.22%	409.57%	399.72%	345.36%	249.94%	244.98%	125.87%

**Notes to Schedule**

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
BOARD OF EDUCATION PLAN  
LAST EIGHT FISCAL YEARS**

	2014	2015	2016	2017	2018	2019	2020	2021
Total pension liability:								
Service cost	\$ 225,029	\$ 359,500	\$ 391,848	\$ 378,717	\$ 423,746	\$ 466,647	\$ 437,107	\$ 428,841
Interest	920,994	986,463	1,108,213	1,167,003	1,174,269	1,105,965	1,152,394	1,224,594
Differences between expected and actual experience	543,345	460,218	28,823	(566,948)	67,085	229,078	608,927	(90,391)
Changes of assumptions			1,346,357	407,690	(1,226,220)			834,870
Benefit payments, including refunds of member contributions	(655,604)	(599,078)	(642,569)	(710,700)	(795,949)	(950,919)	(1,222,131)	(1,015,549)
Administrative expense	(43,468)							
Net change in total pension liability	990,296	1,207,103	2,232,672	675,762	(357,069)	850,771	976,297	1,382,365
Total pension liability - beginning	11,636,936	12,627,232	13,834,335	16,067,007	16,742,769	16,385,700	17,236,471	18,212,768
Total pension liability - ending	12,627,232	13,834,335	16,067,007	16,742,769	16,385,700	17,236,471	18,212,768	19,595,133
Plan fiduciary net position:								
Contributions - employer	922,555	268,665	535,965	549,460	603,433	530,051	1,424,037	570,615
Contributions - member	197,927	196,719	203,726	190,579	190,968	181,837	172,844	165,128
Net investment income (loss)	1,681,148	30,643	(126,326)	1,390,852	1,093,561	495,218	600,459	4,504,993
Benefit payments, including refunds of member contributions	(655,604)	(599,078)	(642,569)	(710,700)	(795,949)	(950,919)	(1,222,131)	(1,015,549)
Administrative expense	(43,468)	(25,907)	(42,202)	(43,369)	(49,869)	(40,352)	(45,216)	(44,552)
Net change in plan fiduciary net position	2,102,558	(128,958)	(71,406)	1,376,822	1,042,144	215,835	929,993	4,180,635
Plan fiduciary net position - beginning	10,016,519	12,119,077	11,990,119	11,918,713	13,295,535	14,337,679	14,553,514	15,483,507
Plan fiduciary net position - ending	12,119,077	11,990,119	11,918,713	13,295,535	14,337,679	14,553,514	15,483,507	19,664,142
Net Pension Liability (Asset) - Ending	\$ 508,155	\$ 1,844,216	\$ 4,148,294	\$ 3,447,234	\$ 2,048,021	\$ 2,682,957	\$ 2,729,261	\$ (69,009)
Plan fiduciary net position as a percentage of the total pension liability	95.98%	86.67%	74.18%	79.41%	87.50%	84.43%	85.01%	100.35%
Covered payroll	\$ 3,085,477	\$ 3,122,271	\$ 3,122,271	\$ 3,274,814	\$ 3,133,452	\$ 3,897,575	\$ 4,003,396	\$ 3,779,805
Net pension liability as a percentage of covered payroll	16.47%	59.07%	132.86%	105.27%	65.36%	68.84%	68.17%	-1.83%

**Notes to Schedule**

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.



**TOWN OF SOUTH WINDSOR, CONNECTICUT  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 TOWN PLAN  
 LAST TEN FISCAL YEARS**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$ 1,583,496	\$ 1,697,994	\$ 1,686,734	\$ 1,727,470	\$ 1,727,470	\$ 1,820,733	\$ 1,956,477	\$ 1,714,348	\$ 1,733,752	\$ 1,602,021
Contributions in relation to the actuarially determined contribution	1,343,147	1,697,994	1,867,793	1,727,470	1,727,470	1,820,733	1,956,477	2,856,477	2,133,752	2,952,021
Contribution Deficiency (Excess)	\$ 240,349	\$ -	\$ (181,059)	\$ -	\$ -	\$ -	\$ -	\$ (1,142,129)	\$ (400,000)	\$ (1,350,000)
Covered payroll	\$ 5,337,789	\$ 5,352,711	\$ 4,749,846	\$ 4,716,701	\$ 4,716,701	\$ 4,540,844	\$ 4,177,838	\$ 5,634,675	\$ 5,548,107	\$ 5,078,360
Contributions as a percentage of covered payroll	25.16%	31.72%	39.32%	36.62%	36.62%	40.10%	46.83%	50.69%	38.46%	58.13%

**Notes to Schedule**

Valuation date: July 1, 2020  
 Measurement date: June 30, 2021  
 Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

- Actuarial cost method: Entry age Normal
- Amortization method: Level dollar, closed
- Remaining amortization period: 24 years
- Asset valuation method: 5-year Non-asymptotic
- Inflation: 2.5%
- Salary increases including inflation: 3.0%
- Turnover: Graded rates by age and group
- Investment rate of return: 6.50%
- Retirement age: Graded rates by age and group
- Disability: Disability among active lives is discounted in advance according to a scale based on attained ages.
- Spouse Benefits: 80% of members are assumed to be married with wives 1 year younger than husbands.
- Mortality: PubS-2010 (Police) and PubG-2010 (All Others) Mortality Table with generational projection per the MP ultimate scale

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 TOWN PLAN  
 LAST TEN FISCAL YEARS**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$ 1,583,496	\$ 1,697,994	\$ 1,686,734	\$ 1,727,470	\$ 1,727,470	\$ 1,820,733	\$ 1,956,477	\$ 1,714,348	\$ 1,733,752	\$ 1,602,021
Contributions in relation to the actuarially determined contribution	1,343,147	1,697,994	1,867,793	1,727,470	1,727,470	1,820,733	1,956,477	2,856,477	2,133,752	2,952,021
Contribution Deficiency (Excess)	\$ 240,349	\$ -	\$ (181,059)	\$ -	\$ -	\$ -	\$ -	\$ (1,142,129)	\$ (400,000)	\$ (1,350,000)
Covered payroll	\$ 5,337,789	\$ 5,352,711	\$ 4,749,846	\$ 4,716,701	\$ 4,716,701	\$ 4,540,844	\$ 4,177,838	\$ 5,634,675	\$ 5,548,107	\$ 5,078,360
Contributions as a percentage of covered payroll	25.16%	31.72%	39.32%	36.62%	36.62%	40.10%	46.83%	50.69%	38.46%	58.13%

**Notes to Schedule**

Valuation date: July 1, 2020  
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Methods and assumptions used to determine contribution rates:

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- Amortization method: Level dollar, closed
- Remaining amortization period: 24 years
- Asset valuation method: 5-year Non-asymptotic
- Inflation: 2.5%
- Salary increases including inflation: 3.0%
- Turnover: Graded rates by age and group
- Investment rate of return: 6.50%
- Retirement age: Graded rates by age and group
- Disability: Disability among active lives is discounted in advance according to a scale based on attained ages.
- Spouse Benefits: 80% of members are assumed to be married with wives 1 year younger than husbands.
- Mortality: PubS-2010 (Police) and PubG-2010 (All Others) Mortality Table with generational projection per the MP ultimate scale

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 BOARD OF EDUCATION PLAN  
 LAST TEN FISCAL YEARS**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$ 481,339	\$ 443,288	\$ 450,378	\$ 535,965	\$ 535,965	\$ 549,460	\$ 603,433	\$ 530,051	\$ 557,209	\$ 570,615
Contributions in relation to the actuarially determined contribution	752,056	518,288	922,555	268,665	535,965	549,460	603,433	530,051	1,424,037	570,615
Contribution Deficiency (Excess)	<u>\$ (270,717)</u>	<u>\$ (75,000)</u>	<u>\$ (472,177)</u>	<u>\$ 267,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (866,828)</u>	<u>\$ -</u>
Covered payroll	\$ 3,419,019	\$ 3,012,321	\$ 3,085,477	\$ 3,122,271	\$ 3,122,271	\$ 3,274,814	\$ 3,133,452	\$ 3,897,575	\$ 4,003,396	\$ 3,779,805
Contributions as a percentage of covered payroll	22.00%	17.21%	29.90%	8.60%	17.17%	16.78%	19.26%	13.60%	35.57%	15.10%

**Notes to Schedule**

Valuation date: July 1, 2020

Measurement date: June 30, 2021

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

- Actuarial cost method: Entry age Normal
- Amortization method: Level dollar, closed
- Remaining amortization period: 24 years
- Asset valuation method: 5-year Non-asymptotic
- Inflation: 2.5%
- Salary increases including inflation: 3.0%
- Turnover: Graded rates by age
- Investment rate of return: 6.50%
- Retirement age: Graded rates by age
- Disability: Disability among active lives is discounted in advance according to a scale based on attained ages.
- Spouse Benefits: 75% of members are assumed to be married with wives 1 year younger than husbands.
- Mortality: PubG-2010 Mortality Table with generational projection per the MP ultimate scale

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
 SCHEDULE OF INVESTMENT RETURNS  
 LAST EIGHT FISCAL YEARS**

	2014	2015	2016	2017	2018	2019	2020	2021
Annual money-weighted rate of return, net of investment								
Town Plan	16.37%	0.30%	-1.15%	11.54%	8.27%	3.09%	3.97%	29.94%
Board of Education Plan	16.90%	0.26%	-1.07%	11.64%	8.31%	3.51%	3.93%	29.79%

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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

	2015	2016	2017	2018	2019	2020	2021
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	84,668,946	91,603,357	118,505,418	112,326,595	109,538,605	142,062,712	164,034,106
<b>Total</b>	<b>\$ 84,668,946</b>	<b>\$ 91,603,357</b>	<b>\$ 118,505,418</b>	<b>\$ 112,326,595</b>	<b>\$ 109,538,605</b>	<b>\$ 142,062,712</b>	<b>\$ 164,034,106</b>
Town's covered payroll	\$ 54,350,173	\$ 56,460,373	\$ 57,676,185	\$ 57,779,960	\$ 59,477,857	\$ 60,915,130	\$ 62,058,431
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	61.51%	59.50%	52.26%	55.93%	55.93%	52.00%	49.24%

**Notes to Schedule**

- Changes in benefit terms: None
- Changes of assumptions:
  - The Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2019:
    - Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%.
    - Decrease payroll growth assumption from 3.25% to 3.00%.
    - Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
- Actuarial cost method: Entry age
- Amortization method: Level percent of pay, closed
- Single equivalent amortization period: 30 years
- Asset valuation method: 4-year smoothed market
- Inflation: 2.50%
- Salary increase: 3.25%-6.50%, including inflation
- Investment rate of return: 6.9%, net of investment related expense

Notes:  
 - This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.  
 - The measurement date is one year earlier than the employer's reporting date.

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
OPEB PLAN  
LAST FIVE FISCAL YEARS**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB liability:					
Service cost	\$ 300,153	\$ 241,568	\$ 248,909	\$ 323,084	\$ 332,611
Interest	752,807	781,604	624,382	653,559	839,734
Differences between expected and actual experience		(2,610,995)		2,328,437	
Changes of assumptions		215,571		64,347	
Benefit payments, including refunds of member contributions	(566,113)	(600,465)	(499,040)	(531,909)	(712,671)
Net change in total pension liability	486,847	(1,972,717)	374,251	2,837,518	459,674
Total OPEB liability - beginning	10,732,510	11,219,357	9,246,640	9,620,891	12,458,409
Total OPEB liability - ending	<u>11,219,357</u>	<u>9,246,640</u>	<u>9,620,891</u>	<u>12,458,409</u>	<u>12,918,083</u>
Plan fiduciary net position:					
Contributions - employer	880,974	915,326	755,791	763,348	1,055,879
Net investment income	11,450	27,212	79,090	122,082	1,054,505
Benefit payments, including refunds of member contributions	(566,113)	(600,465)	(499,040)	(531,909)	(712,671)
Administrative expense	(1,125)	(26,500)	(1,717)	(36,141)	(2,523)
Net change in plan fiduciary net position	325,186	315,573	334,124	317,380	1,395,190
Plan fiduciary net position - beginning	1,741,352	2,066,538	2,382,111	2,716,235	3,033,615
Plan fiduciary net position - ending	<u>2,066,538</u>	<u>2,382,111</u>	<u>2,716,235</u>	<u>3,033,615</u>	<u>4,428,805</u>
Net OPEB Liability - Ending	<u>\$ 9,152,819</u>	<u>\$ 6,864,529</u>	<u>\$ 6,904,656</u>	<u>\$ 9,424,794</u>	<u>\$ 8,489,278</u>
Plan fiduciary net position as a percentage of the total OPEB liability	18.42%	25.76%	28.23%	24.35%	34.28%
Covered employee payroll	\$ 53,602,318	\$ 53,602,318	\$ 53,648,114	\$ 53,648,114	\$ 58,699,042
Net OPEB liability as a percentage of covered employee payroll	17.08%	12.81%	12.87%	17.57%	14.46%

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
OPEB PLAN  
LAST TEN FISCAL YEARS**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$ 700,000	\$ 864,000	\$ 864,000	\$ 1,007,276	\$ 1,007,276	\$ 880,974	\$ 880,974	\$ 755,791	\$ 755,791	\$ 1,055,879
Contributions in relation to the actuarially determined contribution	658,000	864,000	927,000	1,007,276	1,025,696	880,974	915,326	755,791	763,348	1,055,879
Contribution Deficiency (Excess)	\$ 42,000	\$ -	\$ (63,000)	\$ -	\$ (18,420)	\$ -	\$ (34,352)	\$ -	\$ (7,557)	\$ -
Covered-employee payroll	\$ N/A	\$ N/A	\$ N/A	\$ 51,315,810	\$ 51,315,810	\$ 53,602,318	\$ 53,602,318	\$ 53,648,114	\$ 53,648,114	\$ 58,699,042
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	1.96%	2.00%	1.64%	1.71%	1.41%	1.42%	1.80%

**Notes to Schedule**

Valuation Date July 1, 2019  
 Measurement date June 30, 2021  
 Actuarially determined contribution

Methods and assumptions used to determine contusion rates:

Actuarial cost method Entry Age Normal  
 Inflation 2.50%  
 Medical Trend Rate 5.30% - 4.5% over 52 years  
 Salary increases including inflation Graded by age for Teachers and Administrators; 3.00% for all others

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
 SCHEDULE OF INVESTMENT RETURNS  
 OPEB PLAN  
 LAST FIVE FISCAL YEARS**

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
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Annual money-weighted rate of return, net of investment expense:

	0.56%	1.15%	3.00%	4.19%	31.24%
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Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.



**TOWN OF SOUTH WINDSOR, CONNECTICUT**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**TEACHERS RETIREMENT OPEB PLAN**  
**LAST FOUR FISCAL YEARS**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Town's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>28,911,595</u>	<u>21,897,445</u>	<u>22,155,482</u>	<u>24,465,693</u>
Total	<u>\$ 28,911,595</u>	<u>\$ 21,897,445</u>	<u>\$ 22,155,482</u>	<u>\$ 24,465,693</u>
Town's covered payroll	\$ 57,779,960	\$ 59,477,857	\$ 60,915,130	\$ 62,058,431
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%	1.49%	2.08%	2.50%

**Notes to Schedule**

Changes in benefit terms	None
Changes of assumptions	Based on the procedure described in GASB 75, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2020 was updated to equal the Municipal Bond Index Rate as of June 30, 2020; Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience; Long-term health care cost trend rates were updated; The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated based on observed plan experience. Additionally, participants are no longer assumed to migrate from the Medicare Supplement Plan to the Medicare Advantage Plan after selecting an option; and, The Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2019. The changes in assumptions are summarized below: - Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%. - Decrease payroll growth assumption from 3.25% to 3.00%. - Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
Actuarial cost method	Entry age
Amortization method	Level percent of payroll over an open period
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Investment rate of return	3.00%, net of investment related expense including price inflation
Price inflation	2.75%

## Notes:

- This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available
- The measurement date is one year earlier than the employer's reporting date

***Appendix B-1***

***Form of Opinion of Bond Counsel – Series A Bonds***

[FORM OF OPINION OF BOND COUNSEL]

February \_\_, 2022

Town of South Windsor,  
 South Windsor, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Town of South Windsor, Connecticut (the “Town”), a Tax Regulatory Agreement of the Town, dated February \_\_, 2022 (the “Tax Regulatory Agreement”), and other proofs submitted to us relative to the issuance and sale of \$20,000,000 Town of South Windsor, Connecticut General Obligation Bonds, Issue of 2022, Series A, dated February \_\_, 2022 (the “Bonds”), maturing on February 1 in each of the years, in the principal amounts and bearing interest payable on August 1, 2022 and semiannually thereafter on February 1 and August 1 in each year until maturity or earlier redemption, at the rates per annum as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>
2023	\$1,000,000	%	2033	\$1,000,000	%
2024	1,000,000		2034	1,000,000	
2025	1,000,000		2035	1,000,000	
2026	1,000,000		2036	1,000,000	
2027	1,000,000		2037	1,000,000	
2028	1,000,000		2038	1,000,000	
2029	1,000,000		2039	1,000,000	
2030	1,000,000		2040	1,000,000	
2031	1,000,000		2041	1,000,000	
2032	1,000,000		2042	1,000,000	

with principal payable at the principal office of U.S. Bank National Association, in Hartford, Connecticut, and with interest payable to the registered owner as of the close of business on the fifteenth day of January and July in each year, or the preceding business day if such fifteenth day is not a business day, by check mailed to such registered owner at his address as shown on the registration books of the Town kept for such purpose. The Bonds are subject to redemption prior to maturity as therein provided.

The Bonds are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), to effect a book-entry system for the ownership and transfer of the Bonds. So long as DTC or its nominee is the registered owner, principal and interest payments on the Bonds will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Bonds under authority of the Constitution and General Statutes of Connecticut and that the Bonds are a valid general obligation of the Town the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the Town.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income for federal income tax purposes. The Town has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Bonds.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) the compliance by the Town with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by the ownership or disposition of the Bonds.

Legislation affecting the exclusion from gross income of interest on State or local bonds, such as the Bonds, is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Bonds or adversely affect the market price of the Bonds.

These opinions are rendered as of the date hereof and are based on existing law, which is subject to change. We assume no obligation to update or supplement these opinions to reflect any facts or circumstances that may come to our attention, or to reflect any changes in law that may hereafter occur or become effective.

The rights of owners of the Bonds and the enforceability of the Bonds and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

Respectfully,

***Appendix B-2***

***Form of Opinion of Bond Counsel – Series B Bonds***

[FORM OF OPINION OF BOND COUNSEL]

February \_\_, 2022

Town of South Windsor,  
 South Windsor, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Town of South Windsor, Connecticut (the “Town”), a Tax Regulatory Agreement of the Town, dated February \_\_, 2022 (the “Tax Regulatory Agreement”), and other proofs submitted to us relative to the issuance and sale of \$3,125,000\* Town of South Windsor, Connecticut General Obligation Refunding Bonds, Issue of 2022, Series B, dated February \_\_, 2022 (the “Bonds”), maturing on February 15 in each of the years 2023 through 2036, in the principal amounts and bearing interest payable on August 15, 2022 and semiannually thereafter on February 15 and August 15 in each year until maturity or earlier redemption, at the rates per annum as follows:

<u>Year of Maturity</u>	<u>Principal Amount*</u>	<u>Interest Rate Per Annum</u>	<u>Year of Maturity</u>	<u>Principal Amount*</u>	<u>Interest Rate Per Annum</u>
2023	\$	%	2030	\$	%
2024			2031		
2025			2032		
2026			2033		
2027			2034		
2028			2035		
2029			2036		

with principal payable at the principal office of U.S. Bank National Association, in Hartford, Connecticut, and with interest payable to the registered owner as of the close of business on the last business day of January and July in each year, by check mailed to such registered owner at his address as shown on the registration books of the Town kept for such purpose. The Bonds are subject to redemption prior to maturity as therein provided.

The Bonds are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), to effect a book-entry system for the ownership and transfer of the Bonds. So long as DTC or its nominee is the registered owner, principal and interest payments on the Bonds will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement.

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\* Preliminary, subject to change.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Bonds under authority of the Constitution and General Statutes of Connecticut and that the Bonds are a valid general obligation of the Town the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the Town.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income for federal income tax purposes. The Town has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Bonds.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) the compliance by the Town with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by the ownership or disposition of the Bonds.

Legislation affecting the exclusion from gross income of interest on State or local bonds, such as the Bonds, is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Bonds or adversely affect the market price of the Bonds.

These opinions are rendered as of the date hereof and are based on existing law, which is subject to change. We assume no obligation to update or supplement these opinions to reflect any facts or circumstances that may come to our attention, or to reflect any changes in law that may hereafter occur or become effective.

The rights of owners of the Bonds and the enforceability of the Bonds and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

Respectfully,

***Appendix B-3***

***Form of Opinion of Bond Counsel – Notes***



## [FORM OF OPINION OF BOND COUNSEL]

February \_\_, 2022

Town of South Windsor,  
South Windsor, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Town of South Windsor, Connecticut (the “Town”), a Tax Regulatory Agreement of the Town, dated February \_\_, 2022 (the “Tax Regulatory Agreement”), and other proofs submitted to us relative to the issuance and sale of \$14,000,000 Town of South Windsor, Connecticut General Obligation Bond Anticipation Notes, dated February \_\_, 2022 and maturing February \_\_, 2023, consisting of Note R-\_\_ in the aggregate principal amount of \$14,000,000, bearing interest at the rate of \_\_% per annum, with principal and interest payable at maturity (the “Notes”). The Notes are not subject to redemption prior to maturity.

The Notes are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), to effect a book-entry system for the ownership and transfer of the Notes. So long as DTC or its nominee is the registered owner, principal and interest payments on the Notes will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Notes, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Notes under authority of the Constitution and General Statutes of Connecticut and that the Notes are a valid general obligation of the Town the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the Town.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income for federal income tax purposes. The Town has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Notes shall be excluded from gross income for federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Notes.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Notes, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) the compliance by the Town with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by the ownership or disposition of the Notes.

Legislation affecting the exclusion from gross income of interest on State or local bonds, such as the Notes, is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Notes will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Notes or adversely affect the market price of the Notes.

These opinions are rendered as of the date hereof and are based on existing law, which is subject to change. We assume no obligation to update or supplement these opinions to reflect any facts or circumstances that may come to our attention, or to reflect any changes in law that may hereafter occur or become effective.

The rights of owners of the Notes and the enforceability of the Notes and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

Respectfully,

***Appendix C-1***

***Form of Continuing Disclosure Agreement – Bonds***

[FORM OF CONTINUING DISCLOSURE AGREEMENT]

CONTINUING DISCLOSURE AGREEMENT

Town of South Windsor, Connecticut  
\$20,000,000 General Obligation Bonds, Issue of 2022, Series A  
and  
\$3,125,000\* General Obligation Refunding Bonds, Issue of 2022, Series B  
dated February \_\_, 2022

February \_\_, 2022

WHEREAS, the Town of South Windsor, Connecticut (the “Town”) has heretofore authorized the issuance of \$20,000,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2022, Series A and \$3,125,000\* in aggregate principal amount of its General Obligation Refunding Bonds, Issue of 2022, Series B, each dated February \_\_, 2022 (together, the “Bonds”), maturing on the dates and in the amounts set forth in the Town’s Official Statement dated January \_\_, 2022 describing the Bonds (the “Official Statement”); and

WHEREAS, the Bonds have been sold by a competitive bid pursuant to Notices of Sale, dated January 20, 2022 (the “Notices of Sale”); and

WHEREAS, in the Notices of Sale, the Town has heretofore acknowledged that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the Town has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5), as amended from time to time (the “Rule”), and the Town desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the Town is authorized pursuant to Section 3-20e of the General Statutes of Connecticut to make such representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Bonds in complying with the Rule, this Continuing Disclosure Agreement (this “Agreement”) is to be made, executed and delivered by the Town in connection with the issuance of the Bonds and to be described in the Official Statement, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, the Town hereby represents, covenants and agrees as follows:

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“Annual Report” shall mean any Annual Report provided by the Town pursuant to, and as described in, Sections 2 and 3 of this Agreement.

“Financial Obligation” shall mean any (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). Municipal securities as to which a final official statement has been filed with the Repository, consistent with the Rule, shall not be considered a Financial Obligation.

“Fiscal Year End” shall mean the last day of the Town’s fiscal year, currently June 30.

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\* Preliminary, subject to change.

“Listed Events” shall mean any of the events listed in Section 4 of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Repository” shall mean the Electronic Municipal Market Access (EMMA) system as described in 1934 Act Release No. 57577 for purposes of the Rule, the MSRB or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

“SEC” shall mean the Securities and Exchange Commission of the United States or any successor thereto.

## Section 2. Annual Reports.

(a) The Town shall provide or cause to be provided to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, the following annual financial information and operating data regarding the Town:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End prepared in accordance with accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

(ii) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in (i) above:

(A) the amounts of the gross and net taxable grand list;

(B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer’s taxable valuation thereon;

(C) the percentage and amount of the annual property tax levy collected and uncollected;

(D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;

(E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);

(F) the total direct debt, total net direct debt and total overall net debt of the Town per capita;

(G) the ratios of total direct debt and total overall net debt of the Town to the Town’s net taxable grand list;

(H) a statement of statutory debt limitations and debt margins; and

(I) the funding status of the Town’s pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Town’s audited financial statements. The information may be provided in whole or in part by cross-reference to other documents previously provided to the Repository, including official statements of the Town which will be available from the MSRB.

(c) Subject to the requirements of Section 8 hereof, the Town reserves the right to modify from time to time the type of financial information and operating data provided or the format of the presentation of such financial information and operating data, to the extent necessary or appropriate; provided that the Town agrees that any such modification will be done in a manner consistent with the Rule. The Town also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The Town shall provide the financial information and operating data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds, provided, however, that if such financial information and operating data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Official Statement for the Bonds or has not otherwise been previously provided, the Town shall provide such financial information and operating data no later than eight months after the close of such preceding Fiscal Year End. The Town agrees that if audited financial statements are not available eight months after the close of any Fiscal Year End, it shall submit unaudited financial statements by such time and will submit audited financial statements information when and if available.

Section 4. Event Notices. The Town agrees to provide, or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, of the occurrence of any of the following events:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of any obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if any, if material;
- (xv) incurrence of a Financial Obligation by any obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of any obligated person, any of which affect Bondholders, if material; and

- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of any obligated person, any of which reflect financial difficulties.

Section 5. Notice of Failure. The Town agrees to provide, or cause to be provided, in a timely manner to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of any failure by the Town to provide the annual financial information described in Section 2(a) of this Agreement on or before the date described in Section 3 of this Agreement.

Section 6. Termination of Reporting Obligation. The Town's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The Town may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) this Agreement, as so amended, would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of financial information or operating data provided.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Town from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the Town chooses to include any other information in any Annual Report or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the Town shall have no obligation under this Agreement to update such information or include or provide such information or notice of the occurrence of such event in the future.

Section 10. Indemnification. The Town agrees, pursuant to applicable law, to indemnify and save its officials, officers and employees harmless against any loss, expense or liability which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any loss, expense or liability due to any such person's malicious, wanton, or willful act. The obligations of the Town under this Section shall survive termination of this Agreement.

Section 11. Enforceability. The Town agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the Town does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the Town's obligations hereunder. No monetary damages shall arise or be payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the Town with respect to the Bonds.

**IN WITNESS WHEREOF**, the Town has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

**TOWN OF SOUTH WINDSOR, CONNECTICUT**

By: \_\_\_\_\_  
Name: Michael Maniscalco  
Title: Town Manager

By: \_\_\_\_\_  
Name: John Pelkey  
Title: Town Treasurer



***Appendix C-2***

***Form of Continuing Disclosure Agreement – Notes***

[FORM OF CONTINUING DISCLOSURE AGREEMENT]

CONTINUING DISCLOSURE AGREEMENT

Town of South Windsor, Connecticut  
\$14,000,000 General Obligation Bond Anticipation Notes  
dated February \_\_, 2022

February \_\_, 2022

WHEREAS, the Town of South Windsor, Connecticut (the "Town") has heretofore authorized the issuance of \$14,000,000 in aggregate principal amount of its General Obligation Bond Anticipation Notes, dated February \_\_, 2022 (the "Notes"), maturing on the dates and in the amounts set forth in the Town's Official Statement dated January \_\_, 2022 describing the Notes (the "Official Statement"); and

WHEREAS, the Notes have been sold by a competitive bid pursuant to a Notice of Sale, dated January 20, 2022 (the "Notice of Sale"); and

WHEREAS, in the Notice of Sale, the Town has heretofore acknowledged that an underwriter may not purchase or sell the Notes unless it has reasonably determined that the Town has undertaken in a written agreement for the benefit of the beneficial owners of the Notes to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5), as amended from time to time (the "Rule"), and the Town desires to assist the underwriter of the Notes in complying with the Rule; and

WHEREAS, the Town is authorized pursuant to Section 3-20e of the General Statutes of Connecticut to make such representations and agreements for the benefit of the beneficial owners of the Notes to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Notes in complying with the Rule, this Continuing Disclosure Agreement (this "Agreement") is to be made, executed and delivered by the Town in connection with the issuance of the Notes and to be described in the Official Statement, all for the benefit of the beneficial owners of the Notes, as they may be from time to time;

NOW, THEREFORE, the Town hereby represents, covenants and agrees as follows:

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

"Financial Obligation" shall mean any (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). Municipal securities as to which a final official statement has been filed with the Repository, consistent with the Rule, shall not be considered a Financial Obligation.

"Listed Events" shall mean any of the events listed in Section 2 of this Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

"Repository" shall mean the Electronic Municipal Market Access (EMMA) system as described in 1934 Act Release No. 57577 for purposes of the Rule, the MSRB or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

"SEC" shall mean the Securities and Exchange Commission of the United States or any successor thereto.

Section 2. Event Notices. The Town agrees to provide, or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, of the occurrence of any of the following events:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
- (vii) modifications to rights of Noteholders, if material;
- (viii) Note calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Notes, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of any obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if any, if material;
- (xv) incurrence of a Financial Obligation by any obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of any obligated person, any of which affect Noteholders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of any obligated person, any of which reflect financial difficulties.

Section 3. Termination of Reporting Obligation. The Town's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes.

Section 4. Agent. The Town may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 5. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Notes and (ii) this Agreement, as so amended, would have complied with the requirements of the Rule

as of the date of this Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of financial information or operating data provided.

Section 6. Additional Information. Nothing in this Agreement shall be deemed to prevent the Town from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the Town chooses to disseminate any other information or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the Town shall have no obligation under this Agreement to update such information or provide such information or notice of the occurrence of such event in the future.

Section 7. Indemnification. The Town agrees, pursuant to applicable law, to indemnify and save its officials, officers and employees harmless against any loss, expense or liability which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any loss, expense or liability due to any such person's malicious, wanton, or willful act. The obligations of the Town under this Section shall survive termination of this Agreement.

Section 8. Enforceability. The Town agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Notes. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Notes of such failure. In the event the Town does not cure such failure, the right of any beneficial owner of the Notes to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the Town's obligations hereunder. No monetary damages shall arise or be payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the Town with respect to the Notes.

**IN WITNESS WHEREOF**, the Town has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

**TOWN OF SOUTH WINDSOR, CONNECTICUT**

By: \_\_\_\_\_  
Name: Michael Maniscalco  
Title: Town Manager

By: \_\_\_\_\_  
Name: John Pelkey  
Title: Town Treasurer

***Appendix D-1***

***Notice of Sale – Series A Bonds***

**NOTICE OF SALE**  
**\$20,000,000**  
**TOWN OF SOUTH WINDSOR, CONNECTICUT**  
**GENERAL OBLIGATION BONDS, ISSUE OF 2022, SERIES A**

Electronic bids (as described herein) will be received by the **TOWN OF SOUTH WINDSOR, CONNECTICUT** (the “Town”), until 11:30 A.M. (E.T.) Thursday,

**JANUARY 27, 2022**

(the “Sale Date”) for the purchase of all, but not less than all, of the \$20,000,000 Town of South Windsor, Connecticut General Obligation Bonds, Issue of 2022, Series A (the “Bonds”). Electronic bids must be submitted via **PARITY®**. (See “Electronic Bidding Procedures”).

The Town reserves the right to make changes to the provisions of this Notice of Sale, including the date and time of the sale, prior to the date and time of sale set forth above. Any such changes will be posted through **PARITY®**. Prospective bidders are advised to check for such **PARITY®** postings prior to the above stated sale time.

**The Bonds**

The Bonds will be dated February 11, 2022, mature in the principal amounts of \$1,000,000 on February 1 in each of the years 2023 to 2042, both inclusive, bear interest payable on August 1, 2022 and semiannually thereafter on February 1 and August 1 in each year until maturity or earlier redemption, as further described in the Preliminary Official Statement for the Bonds dated January 20, 2022 (the “Preliminary Official Statement”).

The Bonds maturing on or before February 1, 2030 are not subject to redemption prior to maturity. The Bonds maturing on February 1, 2031 and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after February 1, 2030, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the respective prices (expressed as a percentage of the principal amounts of Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
February 1, 2030 and thereafter	100%

**Nature of Obligation**

The full faith and credit of the Town will be pledged for the prompt payment of the principal of and interest on the Bonds when due. The Bonds will be general obligations of the Town payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

**Bank Qualification**

The Bonds shall NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended (the “Code”), for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

## **Registration**

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 and integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the Town or its agent in Federal funds to DTC or its nominee as registered owner of the Bonds. Principal and interest payments to participants of DTC will be the responsibility of DTC. Principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

## **Electronic Bidding Procedures**

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY®**. Subscription to i-Deal LLC’s BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the Town will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of **PARITY®** shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, **PARITY®**, the use of such facilities being the sole risk of the prospective bidder.

All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale. If any provisions of this Notice of Sale shall conflict with information provided by **PARITY®** as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com).

## **Bid Specifications/Basis of Award**

Each bid must be for the entire \$20,000,000 of Bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum. Bids shall not state more than one interest rate for any Bonds having the same maturity date. The highest interest rate bid for a maturity and the lowest rate bid for any other maturity may not differ by more than three (3%) percentage points. Interest shall be computed on the basis of twelve 30-day months and a 360-day year. No bid for less than all of the Bonds or for less than par and accrued interest, if any, will be considered.

For purposes of the electronic bidding process, the time as maintained by **PARITY®** shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Town, computed and rounded to six decimal places.

For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to February 11, 2022, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued, if any, to February 11, 2022, the delivery date of the Bonds. It is requested that each bid be accompanied by a statement of the percentage of true interest cost computed and rounded to six decimal places. Such statement shall not be considered as a part of the bid. The

Bonds will be awarded or all bids will be rejected promptly after the bid opening, but not later than 4:00 P.M. (E.T.) on the Sale Date. The purchase price must be paid in Federal funds.

The Town reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. The Town further reserves the right to postpone the sale to another time and date in its sole and absolute discretion for any reason, including, without limitation, internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Unless all bids are rejected or the bid is postponed, the Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

### **Closing Documents and Legal Opinion**

The Bonds will be certified by U.S. Bank National Association, Hartford, Connecticut. The legality of the Bonds will be passed upon by Robinson & Cole LLP, Hartford, Connecticut (“Bond Counsel”), and the winning bidder will be furnished with their opinion without charge. The winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for the Bonds, a certificate signed by the appropriate officials of the Town relating to the accuracy and completeness of information contained in the final Official Statement, and an executed Continuing Disclosure Agreement.

The legal opinion will further state that (i) under existing statutes and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, (iii) under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering its legal opinion, Bond Counsel will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the Town for the benefit of the owners of the Bonds, and further, will assume compliance by the Town with the covenants and procedures set forth in such Tax Regulatory Agreement. A copy of the opinion will be printed upon each of the Bonds, and a signed opinion and transcript of proceedings will be filed with U.S. Bank National Association, Hartford, Connecticut, and will be available for examination upon request.

### **Obligation to Deliver Issue Price Certificate**

Pursuant to the Code and applicable Treasury Regulations, the Town must establish the “issue price” of the Bonds. In order to assist the Town, the winning bidder is obligated to deliver to the Town a certificate (an “Issue Price Certificate”) and such additional information satisfactory to Bond Counsel described below, prior to the delivery of the Bonds. The Town will rely on the Issue Price Certificate and such additional information in determining the issue price of the Bonds. The form of Issue Price Certificate is available by contacting Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, Email: mspoerndle@muniadvisors.com, Telephone: (203) 878-4945, municipal advisor to the Town (the “Municipal Advisor”).

By submitting a bid, each bidder is certifying that (i) it is an underwriter of municipal bonds which has an established industry reputation for underwriting new issuances of municipal bonds, (ii) its bid is a firm offer to purchase the Bonds, (iii) its bid is a good faith offer which the bidder believes reflects current market conditions, and (iv) its bid is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale rule relating to the establishment of the issue price of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the “Competitive Sale Rule”).

The Municipal Advisor will advise the winning bidder if the Competitive Sale Rule was met at the same time it notifies the winning bidder of the award of the Bonds. **Bids will not be subject to cancellation in the event that the Competitive Sale Rule is not satisfied.**



**Competitive Sale Rule Met.** If the Municipal Advisor advises the winning bidder that the Competitive Sale Rule has been met, the winning bidder shall, within one (1) hour after being notified of the award of the Bonds, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial offering price to the public of each maturity of the Bonds as of the Sale Date.

**Competitive Sale Rule Not Met.** By submitting a bid, the winning bidder agrees (unless the winning bidder is purchasing the Bonds for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Rule is not met, it will satisfy either the **10% Sale Rule** or the **Hold the Offering Price Rule** described below with respect to each maturity of the Bonds prior to the delivery date of the Bonds. The rule selected with respect to each maturity of the Bonds shall be set forth on an Issue Price Rule Selection Certificate, the form of which is attached hereto, which shall be sent to the winning bidder promptly after the award of the Bonds. The winning bidder shall complete and execute the Issue Price Rule Selection Certificate and email it to Bond Counsel and the Municipal Advisor by 5:00 P.M. on the day after the Sale Date. **If the Issue Price Rule Selection Certificate is not returned by this deadline, or if no selection is made with respect to a maturity, the winning bidder agrees that the Hold the Offering Price Rule shall apply to such maturities.**

**10% Sale Rule.** To satisfy the 10% Sale Rule for any maturity of the Bonds, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide the Town with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will report to the Town information regarding the actual prices at which at least 10 percent (10%) of the Bonds of each maturity have been sold to the public;

(iii) will provide the Town with reasonable supporting documentation or certifications of such sale prices, the form of which is acceptable to Bond Counsel. If the 10% Sale Rule is used with respect to a maturity of the Bonds, this reporting requirement will continue, beyond the closing date of the Bonds, if necessary, until such date that at least 10 percent (10%) of such maturity of the Bonds has been sold to the public; and

(iv) has or will include in any agreement among underwriters, selling group agreement or third party distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the reporting requirement described above.

**Hold the Offering Price Rule.** To satisfy the Hold the Offering Price Rule for any maturity of the Bonds, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will neither offer nor sell to any person any Bonds of such maturity at a price that is higher than the initial offering price of such maturity until the earlier of (i) the date on which the winning bidder has sold to the public at least ten percent (10%) of the Bonds of such maturity at a price that is no higher than the initial offering price of such maturity or (ii) the close of business on the fifth (5th) business day after the Sale Date of the Bonds; and

(iii) has or will include within any agreement among underwriters, selling group agreement or third party distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Bonds as set forth above.

For purposes of the 10% Sale Rule or the Hold the Offering Price Rule, a “maturity” refers to Bonds that have the same interest rate, credit and payment terms.

If the winning bidder has purchased any maturity of the Bonds for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Rule was met, the Issue Price Certificate will recite such facts and identify the price or prices at which such maturity of the Bonds was purchased.

For purposes of this Notice of Sale, the “public” does not include the winning bidder or any person that agrees pursuant to a written contract with the winning bidder to participate in the initial sale of the Bonds to the public (such as a third party distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Bonds to the public). In making the representations described above, the winning bidder must reflect the effect on the offering prices of any “derivative products” (e.g., a tender option) used by the bidder in connection with the initial sale of any of the Bonds.

### **Settlement of the Bonds**

The Bonds will be available for delivery on or about February 11, 2022. The deposit of the Bonds with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. The Municipal Advisor shall obtain CUSIP numbers for the Bonds prior to delivery, and the Town will not be responsible for any delay occasioned by the failure of the winning bidder to obtain such numbers and to supply them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the winning bidder.

The Preliminary Official Statement is in a form “deemed final” by the Town for purposes of SEC Rule 15c2-12(b)(1). The winning bidder will be furnished 25 copies of the final Official Statement prepared for the Bonds at the Town’s expense. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. The copies of the final Official Statement will be made available to the winning bidder no later than seven business days after the bid opening at the office of the Town’s Municipal Advisor. If the Municipal Advisor is provided with the necessary information from the winning bidder by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

### **Continuing Disclosure**

The Town will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide (i) certain annual financial information and operating data, including audited financial statements; (ii) notice of the occurrence of certain events within 10 business days of the occurrence of such events with respect to the Bonds; and (iii) timely notice of its failure to provide such annual financial information. The winning bidder’s obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

**Related Information**

For more information regarding the Bonds and the Town, reference is made to the Preliminary Official Statement. Copies of the Preliminary Official Statement and the Issue Price Certificate may be obtained from the undersigned, or from Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, Email: [mspoerndle@muniadvisors.com](mailto:mspoerndle@muniadvisors.com), Telephone: (203) 878-4945, municipal advisor to the Town.

**MICHAEL MANISCALCO**  
Town Manager

**JOHN PELKEY**  
Town Treasurer

January 20, 2022

**ISSUE PRICE RULE SELECTION CERTIFICATE**

Town of South Windsor, Connecticut  
 \$20,000,000 General Obligation Bonds, Issue of 2022, Series A

The undersigned, on behalf of [NAME OF UNDER/REP], [on behalf of itself and [OTHER UNDER]], hereby certifies that it will use the rule selected below for the respective maturity of the above-captioned bonds (the "Bonds"), as described in the Notice of Sale for the Bonds, dated January 20, 2022 (the "Notice of Sale"). For a description of the requirements of each rule, please refer to the section "Obligation to Deliver Issue Price Certificate" in the Notice of Sale. Capitalized terms used but not defined herein are defined in the Notice of Sale.

<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<b>10% Sale Rule</b> (Underwriter has or will comply with 10% Sale Price Rule for this Maturity)		<b>Hold the Offering Price Rule</b> (Underwriter will comply with Hold the Offering Price Rule for this Maturity)	
			<u>Check Box</u>	<u>Sales Price</u>	<u>Check Box</u>	<u>Initial Offering Price</u>
02/01/2023	\$1,000,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2024	1,000,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2025	1,000,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2026	1,000,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2027	1,000,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2028	1,000,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2029	1,000,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2030	1,000,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2031	1,000,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2032	1,000,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2033	1,000,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2034	1,000,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2035	1,000,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2036	1,000,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2037	1,000,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2038	1,000,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2039	1,000,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2040	1,000,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2041	1,000,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2042	1,000,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____

(All Sales Prices or Initial Offering Prices must be completed prior to the delivery date of the Bonds.)

**[NAME OF UNDER/REP]**

By: \_\_\_\_\_  
 Name:  
 Title:

Email this completed and executed certificate to the following by 5:00 P.M. on January 28, 2022:

**Bond Counsel:** dpanico@rc.com

**Municipal Advisor:** mspoerndle@muniadvisors.com

***Appendix D-2***

***Notice of Sale – Series B Bonds***

**NOTICE OF SALE**  
**\$3,125,000\***  
**TOWN OF SOUTH WINDSOR, CONNECTICUT**  
**GENERAL OBLIGATION REFUNDING BONDS, ISSUE OF 2022, SERIES B**

Electronic bids (as described herein) will be received by the **TOWN OF SOUTH WINDSOR, CONNECTICUT** (the “Town”), until 12:00 P.M. (E.T.) Thursday,

**JANUARY 27, 2022**

(the “Sale Date”) for the purchase of all, but not less than all, of the \$3,125,000\* Town of South Windsor, Connecticut General Obligation Refunding Bonds, Issue of 2022, Series B (the “Bonds”). Electronic bids must be submitted via **PARITY®**. (See “Electronic Bidding Procedures”).

The Town reserves the right to make changes to the provisions of this Notice of Sale, including the date and time of the sale, prior to the date and time of sale set forth above. Any such changes will be posted through **PARITY®**. Prospective bidders are advised to check for such **PARITY®** postings prior to the above stated sale time.

**The Bonds**

The Bonds will be dated February 11, 2022, mature in the principal amounts of \$210,000\* on February 15 in the year 2023, \$215,000\* on February 15 in the years 2024 to 2025, both inclusive, \$220,000\* on February 15 in the years 2026 to 2027, both inclusive, \$225,000\* on February 15 in the years 2028 to 2031, both inclusive, \$230,000\* on February 15 in the year 2032, \$225,000\* on February 15 in the years 2033 to 2034, both inclusive, \$220,000\* on February 15 in the year 2035, and \$245,000\* on February 15 in the year 2036, bear interest payable on August 15, 2022 and semiannually thereafter on February 15 and August 15 in each year until maturity or earlier redemption, as further described in the Preliminary Official Statement for the Bonds dated January 20, 2022 (the “Preliminary Official Statement”).

The Bonds maturing on or before February 15, 2030\* are not subject to redemption prior to maturity. The Bonds maturing on February 15, 2031\* and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after February 15, 2030\*, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the respective prices (expressed as a percentage of the principal amounts of Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
February 15, 2030* and thereafter	100%

**Nature of Obligation**

The full faith and credit of the Town will be pledged for the prompt payment of the principal of and interest on the Bonds when due. The Bonds will be general obligations of the Town payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

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\* Preliminary, subject to change

## **Bank Qualification**

The Bonds shall NOT be designated by the Town as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended (the "Code"), for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

## **Registration**

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

## **Electronic Bidding Procedures**

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY®**. Subscription to i-Deal LLC's BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the Town will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of **PARITY®** shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, **PARITY®**, the use of such facilities being the sole risk of the prospective bidder.

All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale. If any provisions of this Notice of Sale shall conflict with information provided by **PARITY®** as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com).

## **Bid Specifications/Basis of Award**

Each bid must be for the entire \$3,125,000\* of Bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum. Bids shall not state more than one interest rate for any Bonds having the same maturity date. The highest interest rate bid for a maturity and the lowest rate bid for any other maturity may not differ by more than three (3%) percentage points. Interest shall be computed on the basis of twelve 30-day months and a 360-day year. No bid for less than all of the Bonds or for less than par and accrued interest, if any, will be considered.

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\* Preliminary, subject to change

For purposes of the electronic bidding process, the time as maintained by **PARITY®** shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Town, computed and rounded to six decimal places.

For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to February 11, 2022, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued, if any, to February 11, 2022, the delivery date of the Bonds. It is requested that each bid be accompanied by a statement of the percentage of true interest cost computed and rounded to six decimal places. Such statement shall not be considered as a part of the bid. The Bonds will be awarded or all bids will be rejected promptly after the bid opening, but not later than 4:00 P.M. (E.T.) on the Sale Date. The purchase price must be paid in Federal funds.

The Town reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. The Town further reserves the right to postpone the sale to another time and date in its sole and absolute discretion for any reason, including, without limitation, internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Unless all bids are rejected or the bid is postponed, the Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

### **Adjustment of Principal Amount and Maturity Schedule for the Bonds**

The Municipal Advisor to the Town, reserves the right to adjust the principal amount of each maturity of the Bonds and the aggregate principal amount of the Bonds after the determination of the winning bidder. The final aggregate principal amount of the Bonds shall not increase or decrease by more than 15%. All calculations will be rounded to the nearest \$5,000. The Town anticipates that the final maturity schedule will be communicated to the successful bidder within three (3) hours of the Town's receipt of the reoffering prices and yields for the Bonds from the successful bidder. The dollar amount bid by the bidder will be adjusted to reflect any adjustments in the final maturity schedule and the aggregate principal amount of the Bonds to be issued. The adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but will not change the per bond underwriter's discount as calculated from the bid and the initial reoffering prices required to be delivered to the Town as stated herein. **The successful bidder may not withdraw its bid or change the interest rates bid or initial reoffering prices for any Bonds as a result of any changes made to the principal amounts within these limits.**

### **Closing Documents and Legal Opinion**

The Bonds will be certified by U.S. Bank National Association, Hartford, Connecticut. The legality of the Bonds will be passed upon by Robinson & Cole LLP, Hartford, Connecticut ("Bond Counsel"), and the winning bidder will be furnished with their opinion without charge. The winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for the Bonds, a certificate signed by the appropriate officials of the Town relating to the accuracy and completeness of information contained in the final Official Statement, and an executed Continuing Disclosure Agreement.

The legal opinion will further state that (i) under existing statutes and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, (iii) under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering its legal opinion, Bond Counsel will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the Town for the benefit of the owners of the Bonds, and further, will assume compliance by the Town with the covenants and procedures set forth in such Tax Regulatory Agreement. A copy of the opinion will be printed upon each of the Bonds, and a signed opinion and transcript of proceedings will be



filed with U.S. Bank National Association, Hartford, Connecticut, and will be available for examination upon request.

### **Obligation to Deliver Issue Price Certificate**

Pursuant to the Code and applicable Treasury Regulations, the Town must establish the “issue price” of the Bonds. In order to assist the Town, the winning bidder is obligated to deliver to the Town a certificate (an “Issue Price Certificate”) and such additional information satisfactory to Bond Counsel described below, prior to the delivery of the Bonds. The Town will rely on the Issue Price Certificate and such additional information in determining the issue price of the Bonds. The form of Issue Price Certificate is available by contacting Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, Email: [mspoerndle@muniadvisors.com](mailto:mspoerndle@muniadvisors.com), Telephone: (203) 878-4945, municipal advisor to the Town (the “Municipal Advisor”).

By submitting a bid, each bidder is certifying that (i) it is an underwriter of municipal bonds which has an established industry reputation for underwriting new issuances of municipal bonds, (ii) its bid is a firm offer to purchase the Bonds, (iii) its bid is a good faith offer which the bidder believes reflects current market conditions, and (iv) its bid is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale rule relating to the establishment of the issue price of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the “Competitive Sale Rule”).

The Municipal Advisor will advise the winning bidder if the Competitive Sale Rule was met at the same time it notifies the winning bidder of the award of the Bonds. **Bids will not be subject to cancellation in the event that the Competitive Sale Rule is not satisfied.**

***Competitive Sale Rule Met.*** If the Municipal Advisor advises the winning bidder that the Competitive Sale Rule has been met, the winning bidder shall, within one (1) hour after being notified of the award of the Bonds, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial offering price to the public of each maturity of the Bonds as of the Sale Date.

***Competitive Sale Rule Not Met.*** By submitting a bid, the winning bidder agrees (unless the winning bidder is purchasing the Bonds for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Rule is not met, it will satisfy either the **10% Sale Rule** or the **Hold the Offering Price Rule** described below with respect to each maturity of the Bonds prior to the delivery date of the Bonds. The rule selected with respect to each maturity of the Bonds shall be set forth on an Issue Price Rule Selection Certificate, the form of which is attached hereto, which shall be sent to the winning bidder promptly after the award of the Bonds. The winning bidder shall complete and execute the Issue Price Rule Selection Certificate and email it to Bond Counsel and the Municipal Advisor by 5:00 P.M. on the day after the Sale Date. **If the Issue Price Rule Selection Certificate is not returned by this deadline, or if no selection is made with respect to a maturity, the winning bidder agrees that the Hold the Offering Price Rule shall apply to such maturities.**

**10% Sale Rule.** To satisfy the 10% Sale Rule for any maturity of the Bonds, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide the Town with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will report to the Town information regarding the actual prices at which at least 10 percent (10%) of the Bonds of each maturity have been sold to the public;

(iii) will provide the Town with reasonable supporting documentation or certifications of such sale prices, the form of which is acceptable to Bond Counsel. If the 10% Sale Rule is used with respect to a maturity of the Bonds, this reporting requirement will continue, beyond the closing date

of the Bonds, if necessary, until such date that at least 10 percent (10%) of such maturity of the Bonds has been sold to the public; and

(iv) has or will include in any agreement among underwriters, selling group agreement or third party distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the reporting requirement described above.

**Hold the Offering Price Rule.** To satisfy the Hold the Offering Price Rule for any maturity of the Bonds, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will neither offer nor sell to any person any Bonds of such maturity at a price that is higher than the initial offering price of such maturity until the earlier of (i) the date on which the winning bidder has sold to the public at least ten percent (10%) of the Bonds of such maturity at a price that is no higher than the initial offering price of such maturity or (ii) the close of business on the fifth (5th) business day after the Sale Date of the Bonds; and

(iii) has or will include within any agreement among underwriters, selling group agreement or third party distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Bonds as set forth above.

For purposes of the 10% Sale Rule or the Hold the Offering Price Rule, a “maturity” refers to Bonds that have the same interest rate, credit and payment terms.

If the winning bidder has purchased any maturity of the Bonds for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Rule was met, the Issue Price Certificate will recite such facts and identify the price or prices at which such maturity of the Bonds was purchased.

For purposes of this Notice of Sale, the “public” does not include the winning bidder or any person that agrees pursuant to a written contract with the winning bidder to participate in the initial sale of the Bonds to the public (such as a third party distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Bonds to the public). In making the representations described above, the winning bidder must reflect the effect on the offering prices of any “derivative products” (e.g., a tender option) used by the bidder in connection with the initial sale of any of the Bonds.

### **Settlement of the Bonds**

The Bonds will be available for delivery on or about February 11, 2022. The deposit of the Bonds with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. The Municipal Advisor shall obtain CUSIP numbers for the Bonds prior to delivery, and the Town will not be responsible for any delay occasioned by the failure of the winning bidder to obtain such numbers and to supply them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the winning bidder.

The Preliminary Official Statement is in a form “deemed final” by the Town for purposes of SEC Rule 15c2-12(b)(1). The winning bidder will be furnished 25 copies of the final Official Statement prepared for the Bonds at the Town’s expense. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. The copies of the final Official Statement will be made available to the winning bidder no later than seven business days after the bid opening at the office of the Town’s

Municipal Advisor. If the Municipal Advisor is provided with the necessary information from the winning bidder by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

### **Continuing Disclosure**

The Town will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide (i) certain annual financial information and operating data, including audited financial statements; (ii) notice of the occurrence of certain events within 10 business days of the occurrence of such events with respect to the Bonds; and (iii) timely notice of its failure to provide such annual financial information. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

### **Related Information**

For more information regarding the Bonds and the Town, reference is made to the Preliminary Official Statement. Copies of the Preliminary Official Statement and the Issue Price Certificate may be obtained from the undersigned, or from Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, Email: [mspoerndle@muniadvisors.com](mailto:mspoerndle@muniadvisors.com), Telephone: (203) 878-4945, municipal advisor to the Town.

**MICHAEL MANISCALCO**

Town Manager

**JOHN PELKEY**

Town Treasurer

January 20, 2022

**ISSUE PRICE RULE SELECTION CERTIFICATE**

Town of South Windsor, Connecticut  
 \$3,125,000\* General Obligation Refunding Bonds, Issue of 2022, Series B

The undersigned, on behalf of [NAME OF UNDER/REP], [on behalf of itself and [OTHER UNDER], hereby certifies that it will use the rule selected below for the respective maturity of the above-captioned bonds (the “Bonds”), as described in the Notice of Sale for the Bonds, dated January 20, 2022 (the “Notice of Sale”). For a description of the requirements of each rule, please refer to the section “Obligation to Deliver Issue Price Certificate” in the Notice of Sale. Capitalized terms used but not defined herein are defined in the Notice of Sale.

<u>Date of Maturity</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<b>10% Sale Rule</b> (Underwriter has or will comply with 10% Sale Price Rule for this Maturity)		<b>Hold the Offering Price Rule</b> (Underwriter will comply with Hold the Offering Price Rule for this Maturity)	
			<u>Check Box</u>	<u>Sales Price</u>	<u>Check Box</u>	<u>Initial Offering Price</u>
02/15/2023	\$210,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/15/2024	215,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/15/2025	215,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/15/2026	220,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/15/2027	220,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/15/2028	225,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/15/2029	225,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/15/2030	225,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/15/2031	225,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/15/2032	230,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/15/2033	225,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/15/2034	225,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/15/2035	220,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/15/2036	245,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____

(All Sales Prices or Initial Offering Prices must be completed prior to the delivery date of the Bonds.)

**[NAME OF UNDER/REP]**

By: \_\_\_\_\_  
 Name:  
 Title:

Email this completed and executed certificate to the following by 5:00 P.M. on January 28, 2022:

**Bond Counsel:** dpanico@rc.com

**Municipal Advisor:** msपोerndle@muniadvisors.com

\* Preliminary, subject to change

***Appendix D-3***

***Notice of Sale – Notes***

**NOTICE OF SALE**  
**\$14,000,000**  
**TOWN OF SOUTH WINDSOR, CONNECTICUT**  
**GENERAL OBLIGATION BOND ANTICIPATION NOTES**

Electronic bids (as described herein) will be received by the **TOWN OF SOUTH WINDSOR, CONNECTICUT** (the “Town”), until 11:00 A.M. (E.T.) Thursday,

**JANUARY 27, 2022**

(the “Sale Date”) for the purchase of all or a portion of the \$14,000,000 Town of South Windsor, Connecticut General Obligation Bond Anticipation Notes (the “Notes”). Electronic bids must be submitted via **PARITY®**. (See “Electronic Bidding Procedures”).

The Town reserves the right to make changes to the provisions of this Notice of Sale, including the date and time of the sale, prior to the date and time of sale set forth above. Any such changes will be posted through **PARITY®**. Prospective bidders are advised to check for such **PARITY®** postings prior to the above stated sale time.

**The Notes**

The Notes will be dated February 11, 2022, and will be payable to the registered owner on February 10, 2023, as further described in the Preliminary Official Statement for the Notes dated January 20, 2022 (the “Preliminary Official Statement”). The Notes will bear interest (which interest shall be computed on the basis of twelve 30-day months and a 360-day year) payable at maturity at the rate or rates per annum set forth in the bid or bids accepted for their purchase, which rates shall be multiples of 1/1000 of one percent (1%) per annum.

The Notes are not subject to redemption prior to maturity.

**Nature of Obligation**

The full faith and credit of the Town will be pledged for the prompt payment of the principal of and interest on the Notes when due. The Notes will be general obligations of the Town payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

**Bank Qualification**

The Notes shall NOT be designated by the Town as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended (the “Code”), for purposes of the deduction by financial institutions for interest expense allocable to the Notes.

**Registration**

The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$5,000 and integral multiples thereof,

with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidders, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Town or its agent in Federal funds to DTC or its nominee as registered owner of the Notes. Principal and interest payments to participants of DTC will be the responsibility of DTC. Principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

### **Electronic Bidding Procedures**

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY®**. Subscription to i-Deal LLC's BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the Town will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of **PARITY®** shall be deemed an irrevocable offer to purchase the Notes on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, **PARITY®**, the use of such facilities being the sole risk of the prospective bidder.

All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale. If any provisions of this Notice of Sale shall conflict with information provided by **PARITY®** as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com).

### **Bid Specifications/Basis of Award**

Proposals for the purchase of the Notes must provide the information set forth in accordance with the requirements prescribed herein. A proposal may be for all or any part of the Notes but any proposal for a part must be for not less than \$100,000, or a whole multiple thereof, and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. As between proposals resulting in the same lowest net interest cost (rounded to six decimal places) to the Town, the award will be made on the basis of the highest principal amount of the Notes specified. No bid for less than par and accrued interest, if any, will be considered and the Town reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. If a bidder is awarded only a part of the Notes bid for in its proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the Town with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid, rounded to six decimal places. The Notes will be awarded or all bids will be rejected promptly after the bid opening, but not later than 4:00 P.M. (E.T.) on January 27, 2022. The purchase price must be paid in Federal funds.

For purposes of the electronic bidding process, the time as maintained by **PARITY®** shall constitute the official time. For information purposes only, bidders are requested to state in their bids the net interest cost to the Town, computed and rounded to six decimal places.

The Town reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. The Town further reserves the right to postpone the sale to another time and date in its sole and absolute discretion for any reason, including, without limitation, internet difficulties. The Town

will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Unless all bids are rejected or the bid is postponed, the Notes will be awarded to the bidder or bidders offering to purchase the Notes or a portion thereof at the lowest net interest cost computed as to each interest rate stated by adding the total interest which will be paid at such rate and deducting therefrom the premium offered, if any.

### **Closing Documents and Legal Opinion**

The Notes will be certified by U.S. Bank National Association, Hartford, Connecticut. The legality of the Notes will be passed upon by Robinson & Cole LLP, Hartford, Connecticut (“Bond Counsel”), and the winning bidders will be furnished with their opinion without charge. Each winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for the Notes, a certificate signed by the appropriate officials of the Town relating to the accuracy and completeness of information contained in the final Official Statement, and an executed Continuing Disclosure Agreement.

The legal opinion will further state that (i) under existing statutes and court decisions, interest on the Notes is excluded from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, (iii) under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering its legal opinion, Bond Counsel will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the Town for the benefit of the owners of the Notes, and further, will assume compliance by the Town with the covenants and procedures set forth in such Tax Regulatory Agreement. A signed opinion and transcript of proceedings will be filed with U.S. Bank National Association, Hartford, Connecticut, and will be available for examination upon request.

### **Obligation to Deliver Issue Price Certificate**

Pursuant to the Code and applicable Treasury Regulations, the Town must establish the “issue price” of the Notes. In order to assist the Town, each winning bidder is obligated to deliver to the Town a certificate (an “Issue Price Certificate”) and such additional information satisfactory to Bond Counsel described below, prior to the delivery of the Notes. The Town will rely on the Issue Price Certificate and such additional information in determining the issue price of the Notes. The form of Issue Price Certificate is available by contacting Matthew A. Spoerndle, Managing Director, Phoenix Advisors, LLC, Email: [mspoerndle@muniadvisors.com](mailto:mspoerndle@muniadvisors.com), Telephone: (203) 878-4945, municipal advisor to the Town (the “Municipal Advisor”).

By submitting a bid, each bidder is certifying that (i) it is an underwriter of municipal notes which has an established industry reputation for underwriting new issuances of municipal notes, (ii) its bid is a firm offer to purchase the Notes, (iii) its bid is a good faith offer which the bidder believes reflects current market conditions, and (iv) its bid is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale rule relating to the establishment of the issue price of the Notes pursuant to Section 148 of the Code, including the requirement that bids be received on all of the Notes from at least three (3) underwriters of municipal notes who have established industry reputations for underwriting new issuances of municipal notes (the “Competitive Sale Rule”).

The Municipal Advisor will advise the winning bidders if the Competitive Sale Rule was met at the same time it notifies the winning bidders of the award of the Notes. **Bids will not be subject to cancellation in the event that the Competitive Sale Rule is not satisfied.**



**Competitive Sale Rule Met.** If the Municipal Advisor advises the winning bidders that the Competitive Sale Rule has been met, the winning bidders shall, within one (1) hour after being notified of the award of the Notes, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial offering price to the public of the Notes as of the Sale Date.

**Competitive Sale Rule Not Met.** By submitting a bid, the winning bidders agree (unless the winning bidder is purchasing the Notes for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Rule is not met, it will satisfy either the **10% Sale Rule** or the **Hold the Offering Price Rule** described below with respect to each maturity of the Notes prior to the delivery date of the Notes. The rule selected with respect to each maturity of the Notes shall be set forth on an Issue Price Rule Selection Certificate, the form of which is attached hereto, which shall be sent to the winning bidders promptly after the award of the Notes. The winning bidders shall complete and execute the Issue Price Rule Selection Certificate and email it to Bond Counsel and the Municipal Advisor by 5:00 P.M. on the day after the Sale Date. **If the Issue Price Rule Selection Certificate is not returned by this deadline, or if no selection is made, the winning bidders agree that the Hold the Offering Price Rule shall apply to such Notes.**

**10% Sale Rule.** To satisfy the 10% Sale Rule for any maturity of the Notes, the winning bidders:

(i) will make a bona fide offering to the public of all of the Notes at the initial offering prices and provide the Town with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will report to the Town information regarding the actual prices at which at least 10 percent (10%) of the Notes (or each maturity thereof, if applicable) have been sold to the public;

(iii) will provide the Town with reasonable supporting documentation or certifications of such sale prices, the form of which is acceptable to Bond Counsel. If the 10% Sale Rule is used with respect to a maturity of the Notes, this reporting requirement will continue, beyond the closing date of the Notes, if necessary, until such date that at least 10 percent (10%) of such maturity of the Notes has been sold to the public; and

(iv) has or will include in any agreement among underwriters, selling group agreement or third party distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, language obligating each underwriter to comply with the reporting requirement described above.

**Hold the Offering Price Rule.** To satisfy the Hold the Offering Price Rule for any maturity of the Notes, the winning bidders:

(i) will make a bona fide offering to the public of all of the Notes at the initial offering price(s) and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will neither offer nor sell to any person any Notes at a price that is higher than the initial offering price of such Notes until the earlier of (i) the date on which the winning bidder has sold to the public at least ten percent (10%) of such maturity of the Notes at a price that is no higher than the initial offering price of such maturity of the Notes or (ii) the close of business on the fifth (5th) business day after the Sale Date of the Notes; and

(iii) has or will include within any agreement among underwriters, selling group agreement or third party distribution agreement (to which each winning bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Notes as set forth above.

For purposes of the 10% Sale Rule or the Hold the Offering Price Rule, a “maturity” refers to Notes that have the same interest rate, credit and payment terms.

If a winning bidder has purchased any maturity of the Notes for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Rule was met, the Issue Price Certificate will recite such facts and identify the price or prices at which such maturity of the Notes was purchased.

For purposes of this Notice of Sale, the “public” does not include the winning bidders or any person that agrees pursuant to a written contract with the winning bidders to participate in the initial sale of the Notes to the public (such as a third party distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Notes to the public). In making the representations described above, the winning bidders must reflect the effect on the offering prices of any “derivative products” (e.g., a tender option) used by the winning bidder in connection with the initial sale of any of the Notes.

### **Settlement of the Notes**

The Notes will be available for delivery on or about February 11, 2022. The deposit of the Notes with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. The Municipal Advisor shall obtain CUSIP numbers for the Notes prior to delivery, and the Town will not be responsible for any delay occasioned by the failure of the winning bidders to obtain such numbers and to supply them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the winning bidder(s).

The Preliminary Official Statement is in a form “deemed final” by the Town for purposes of SEC Rule 15c2-12(b)(1). The winning bidders will be furnished 15 copies of the final Official Statement prepared for the Notes at the Town’s expense. Additional copies may be obtained by the winning bidders at their own expense by arrangement with the printer. The copies of the final Official Statement will be made available to the winning bidders no later than seven business days after the bid opening at the office of the Town’s Municipal Advisor. If the Municipal Advisor is provided with the necessary information from the winning bidders by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, ratings, yields or reoffering prices, and the names of the winning bidders of the Notes.

### **Continuing Disclosure**

The Town will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide notice of the occurrence of certain events within 10 business days of the occurrence of such events with respect to the Notes. Each winning bidder’s obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for the Notes.

**Related Information**

For more information regarding the Notes and the Town, reference is made to the Preliminary Official Statement. Copies of the Preliminary Official Statement and the Issue Price Certificate may be obtained from the undersigned, or from Matthew A. Spoerndle, Managing Director, Phoenix Advisors, LLC, Email: mspoerndle@muniadvisors.com, Telephone: (203) 878-4945, municipal advisor to the Town.

**MICHAEL MANISCALCO**  
Town Manager

**JOHN PELKEY**  
Town Treasurer

January 20, 2022

**ISSUE PRICE RULE SELECTION CERTIFICATE**

Town of South Windsor, Connecticut  
\$14,000,000 General Obligation Bond Anticipation Notes

The undersigned, on behalf of [NAME OF UNDER/REP], [on behalf of itself and [OTHER UNDER]], hereby certifies that it will use the rule selected below for the respective maturity of the above-captioned notes (the “Notes”), as described in the Notice of Sale for the Notes, dated January 20, 2022 (the “Notice of Sale”). For a description of the requirements of each rule, please refer to the section “Obligation to Deliver Issue Price Certificate” in the Notice of Sale. Capitalized terms used but not defined herein are defined in the Notice of Sale.

<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<b>10% Sale Rule</b> (Underwriter has or will comply with 10% Sale Price Rule for this Maturity)		<b>Hold the Offering Price Rule</b> (Underwriter will comply with Hold the Offering Price Rule for this Maturity)	
			<u>Check Box</u>	<u>Sales Price</u>	<u>Check Box</u>	<u>Initial Offering Price</u>
02/10/2023	\$14,000,000	____%	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____

(All Sales Prices or Initial Offering Prices must be completed prior to the delivery date of the Notes.)

[NAME OF UNDER/REP]

By: \_\_\_\_\_  
Name:  
Title:

Email this completed and executed certificate to the following by 5:00 P.M. on January 28, 2022:

**Bond Counsel:** dpanico@rc.com                      **Municipal Advisor:** mspoerndle@muniadvisors.com