

Official Statement Dated February 5, 2015

NEW ISSUE

MOODY'S RATING: Aa2
STANDARD & POOR'S RATING: AA+
(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. Interest on the Bonds and the Notes may be includable in the calculation of certain taxes under the Code, including the federal alternative minimum tax imposed on certain corporations. 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

\$5,160,000

GENERAL OBLIGATION BONDS, ISSUE OF 2015 BOOK-ENTRY ONLY

Dated: Date of Delivery

Due: February 15, 2018-2035, as shown herein

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

The Bonds will bear interest payable on August 15, 2015 and semiannually thereafter on February 15 and August 15 in each year until maturity or earlier redemption.

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 described herein) of the Bonds. (See "Book-Entry Transfer System" herein).

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

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

MOODY'S RATING: MIG 1
STANDARD & POOR'S RATING: SP-1+
(See "Ratings" herein)

\$7,160,000

GENERAL OBLIGATION BOND ANTICIPATION NOTES BOOK-ENTRY ONLY

Dated: February 18, 2015

Due: February 17, 2016

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

The Notes will bear interest payable at maturity, will be issued by means of a book-entry system, and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Notes. The Beneficial Owners of the Notes will not receive certificates representing their ownership interest in the Notes. Principal of and interest on the Notes will be payable by the Town or its agent to DTC or its nominees as registered owners of the Notes. Ownership of the Notes may be in principal amounts of \$5,000 or integral multiples thereof. (See "Book-Entry Transfer System" herein).

The Notes are NOT subject to redemption prior to maturity.

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

The Bonds and Notes are offered for delivery when, as and if issued, subject to the final approving opinion of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds and Notes in book-entry form will be made to DTC on or about February 18, 2015.

TOWN OF SOUTH WINDSOR, CONNECTICUT

\$5,160,000

GENERAL OBLIGATION BONDS, ISSUE OF 2015 BOOK-ENTRY-ONLY

Dated: Date of Delivery

Due: February 15, 2018-2035, as shown below

MATURITY SCHEDULE AND AMOUNTS

Maturity	Amount	Interest Rate	Yield	CUSIP (1)	Maturity	Amount	Interest Rate	Yield	CUSIP (1)
2018	\$ 300,000	4.000%	0.660%	840772ZR1	2027	\$ 275,000	2.250%	2.380%	840772A23
2019	300,000	1.750	0.850	840772ZS9	2028	275,000	2.375	2.530	840772A31
2020	300,000	4.000	1.080	840772ZT7	2029	275,000	2.500	2.650	840772A49
2021	300,000	4.000	1.280	840772ZU4	2030	275,000	3.000	2.750*	840772A56
2022	300,000	3.000	1.500*	840772ZV2	2031	275,000	3.000	2.850*	840772A64
2023	300,000	2.000	1.800*	840772ZW0	2032	275,000	3.000	2.950*	840772A72
2024	300,000	2.000	2.000	840772ZX8	2033	275,000	3.000	3.000	840772A80
2025	300,000	2.000	2.120	840772ZY6	2034	275,000	3.000	3.050	840772A98
2026	300,000	2.125	2.250	840772ZZ3	2035	260,000	3.000	3.100	840772B22

* - Priced assuming redemption on February 15, 2021; however any such redemption is at the election of the Town. (See "Optional Redemption" herein).

Fidelity Capital Markets

\$7,160,000

GENERAL OBLIGATION BOND ANTICIPATION NOTES BOOK-ENTRY-ONLY

Dated: February 18, 2015

Due: February 17, 2016

<u>Coupon</u>	<u>Yield</u>	<u>CUSIP (1)</u>
1.250%	0.170%	840772B30

EASTERN BANK

- (1) Copyright, American Bankers Association CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an Independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bond and 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 Notes or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds and 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 Notes.

No dealer, broker, salesman or other person has been authorized by the Town of South Windsor, Connecticut (the "Town"), to give any information or to make any representations, other than those contained in this Official Statement; and if given or made, such other information or representation must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds or the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Town from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness.

The information and expressions of opinion herein are subject to change without notice and 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 of this Official Statement.

Other than as to matters expressly set forth in Appendix A – "Audited Financial Statements" herein, the independent auditors for the Town are not passing on and do not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and make no representation that they have independently verified the same.

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

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

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

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

BOND COUNSEL

ROBINSON & COLE LLP

Hartford, Connecticut
(860) 275-8200

INDEPENDENT FINANCIAL ADVISOR

**INDEPENDENT BOND AND
INVESTMENT CONSULTANTS LLC**

Madison, Connecticut
(203) 245-8715

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BOND SALE SUMMARY

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

Date of Sale:	Thursday, February 5, 2015, at 11:30 A.M. (E.S.T.).
Location of Sale:	Town Hall, Sprenkel Room, 1540 Sullivan Avenue, South Windsor, Connecticut 06074.
Issuer:	Town of South Windsor, Connecticut (the "Town").
Issue:	\$5,160,000 General Obligation Bonds, Issue of 2015 (the "Bonds").
Dated Date:	Date of Delivery.
Interest Due:	August 15, 2015 and semiannually thereafter on February 15 and August 15 in each year or earlier redemption.
Principal Due:	Serially, February 15, in each of the years 2018-2035, both inclusive.
Purpose and Authority:	The Bonds are being issued to finance various capital improvement projects undertaken by the Town and authorized by certain bond resolutions adopted and approved by either the Town Council or by the electors of the Town at referendum.
Redemption:	The Bonds are subject to redemption prior to maturity. (See "Optional Redemption" herein).
Security:	The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to the payment of the principal of and interest on the Bonds when due.
Credit ratings:	The Bonds have been rated "Aa2" by Moody's Investors Services, Inc. ("Moody's") and "AA+" Standard & Poor's Rating Services ("S&P"). The ratings on the Town's outstanding general obligation bonds have recently been affirmed as "Aa2" by Moody's and "AA+" by S&P. (See "Ratings" herein).
Basis for Award:	Lowest True Interest Cost ("TIC") as of the dated date.
Tax Exemption:	See "Tax Matters" herein.
Availability of Continuing Disclosure:	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, (ii) notices of certain events within 10 business days of the occurrence of such events and (iii) timely notice of failure to provide the required financial information by the date specified pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix D to this Official Statement.
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, for purposes of the deduction by financial institutions for certain interest expense allocable to the Bonds.
Certifying Bank, Registrar, Transfer and Paying Agent:	U.S. Bank National Association, Hartford, Connecticut.
Legal Opinion:	Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry form will be made on or about February 18, 2015, against payment in Federal Funds.
Issuer Official:	Questions regarding the Town and this Official Statement should be directed to Matthew B. Galligan, Town Manager, Town of South Windsor, Connecticut. Telephone (860) 644-2511, ext. 200.

NOTE SALE SUMMARY

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

Date of Sale:	Thursday, February 5, 2015, at 11:00 A.M. (E.S.T.).
Location of Sale:	Town Hall, Sprenkel Room, 1540 Sullivan Avenue, South Windsor, Connecticut 06074.
Issuer:	Town of South Windsor, Connecticut (the "Town").
Issue:	\$7,160,000 General Obligation Bond Anticipation Notes (the "Notes").
Dated Date:	February 18, 2015.
Interest Due:	At maturity on February 17, 2016.
Principal Due:	At maturity on February 17, 2016.
Purpose and Authority:	The Notes are being issued to finance various capital improvement projects undertaken by the Town and authorized by certain bond resolutions adopted and approved by either the Town Council or by the electors of the Town at referendum.
Redemption:	The Notes are NOT subject to redemption prior to maturity.
Security:	The Notes will be general obligations of the Town and the Town will pledge its full faith and credit to the payment of the principal of and interest on the Notes when due.
Credit ratings:	The Notes have been rated "MIG 1" by Moody's Investors Service, Inc. ("Moody's") and "SP-1+" Standard & Poor's Rating Services ("S&P"). The ratings on the Town's outstanding general obligation bonds have recently been affirmed as "Aa2" by Moody's and "AA+" by S&P. (See "Ratings" herein).
Basis for Award:	Lowest Net Interest Cost ("NIC") as of the dated date.
Tax Exemption:	See "Tax Matters" herein.
Availability of Continuing Disclosure:	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, notices of the occurrence of certain events within 10 business days of the occurrence of such events pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix E to this Official Statement.
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, for purposes of the deduction by financial institutions for certain interest expense allocable to the Notes.
Certifying Bank, Registrar, Transfer and Paying Agent:	U.S. Bank National Association, Hartford, Connecticut.
Legal Opinion:	Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Notes in book-entry form will be made on or about February 18, 2015, against payment in Federal Funds.
Issuer Official:	Questions regarding the Town and this Official Statement should be directed to Matthew B. Galligan, Town Manager, Town of South Windsor, Connecticut. Telephone (860) 644-2511, ext. 200.

SECTION I - SECURITIES OFFERED

Introduction

This Official Statement, including the cover page, inside 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 issuance and sale of \$5,160,000 General Obligation Bonds, Issue of 2015 (the "Bonds") and \$7,160,000 General Obligation Bond Anticipation Notes ("the Notes") of the Town.

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

The presentation of information is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the Town. Except for information expressly attributed to other sources, all financial and other information presented herein has been provided by the Town.

Bond Counsel are not passing upon and do not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinion) and makes no representation they have independently verified the same.

Description of the Bonds

The Bonds will be dated the date of delivery and will mature in annual installments on February 15 in each of the years and in the principal amounts set forth on the inside cover page hereof. The Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds will be payable on August 15, 2015 and semiannually thereafter on February 15 and August 15 in each year until maturity. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be payable to the registered owners of the Bonds as of the close of business on the last business day of January and July in each year. A book-entry system will be employed evidencing ownership of the Bonds with transfers of ownership effected on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants. (See "Book-Entry Transfer System" herein). The Certifying Bank, Registrar, Transfer and Paying Agent will be the U.S. Bank National Association, in Hartford, Connecticut. The legal opinion on the Bonds will be rendered by Robinson & Cole LLP, of Hartford, Connecticut. (See "Appendix B" herein). 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 for purposes of the deduction by financial institutions for interest expense allocable to the Bonds. **The Bonds ARE subject to redemption prior to maturity. (See "Optional Redemption" herein).**

Optional Redemption

The Bonds maturing on or before February 15, 2021 are not subject to redemption prior to maturity. The Bonds maturing on February 15, 2022 and thereafter are subject to redemption prior to maturity, at the option of the Town, on and after February 15, 2021, 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 following redemption price (expressed as a percentage of the principal amount of Bonds to be redeemed) set forth in the following table, plus accrued interest to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
February 15, 2021 and thereafter	100%

Notice of Redemption

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail not less than thirty (30) days nor more than sixty (60) days prior to the redemption date to the registered owner of the Bonds at the address of such registered owner as it appears on the registration books for the Bonds kept for such purpose. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if such funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date. So long as Cede & Co., as nominee of the DTC, is the registered owners of the Bonds, notice of redemption will be sent on to DTC (or a successor securities depository) or its nominee.

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

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

Description of the Notes

The Notes will be dated February 18, 2015 and principal and interest will be due at maturity on February 17, 2016. Interest will be calculated on the basis of twelve 30-day months and a 360-day year, at the rate or rates per annum 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 Transfer System" herein). The Certifying Bank, Registrar, Transfer and Paying Agent will be the U.S. Bank National Association, in Hartford, Connecticut. The legal opinion on the Notes will be rendered by Robinson & Cole LLP of Hartford, Connecticut. (See "Appendix C" herein). The Notes shall NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended for purposes of the deduction by financial institutions for certain interest expense allocable to the Notes. **The Notes are NOT subject to redemption prior to maturity.**

Authorization and Use of Proceeds

Authorization. The 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 either the Town Council or by the electors of the Town at referendum.

Use of Proceeds. Proceeds of the Bonds and the Notes will be used to finance the following:

Projects	Amount of Authorization	Notes Outstanding	Additions / (Reductions)	The Bonds	The Notes
2012 - Various School Projects	\$ 5,790,000	\$ 4,420,000	\$ -	\$ 3,260,000	\$ 1,160,000
2012 - Road / Drainage Improvements	4,000,000	1,900,000	-	1,900,000	-
Orchard Hill Elementary School Project	33,520,000	-	500,000	-	500,000
2014 - Road / Drainage Improvements	12,000,000	-	5,500,000	-	5,500,000
Total	<u>\$ 55,310,000</u>	<u>\$ 6,320,000</u>	<u>\$ 6,000,000</u>	<u>\$ 5,160,000</u>	<u>\$ 7,160,000</u>

Ratings

The Bonds have been rated "Aa2" by Moody's Investors Services, Inc. ("Moody's") and "AA+" Standard & Poor's Rating Services ("S&P"). The Notes have been rated "MIG 1" by Moody's and "SP-1+" S&P. The ratings on the Town's outstanding general obligation bonds have recently been affirmed as "Aa2" by Moody's and "AA+" by S&P. Such ratings reflect only the views of such rating agency and any explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following address: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007 and Standard & Poor's Rating Services, 55 Water Street, New York, New York 10041-003. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Town's obligations.

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. Interest on the Bonds and the Notes is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations.

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 Bond 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 prices set forth on the inside cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds and the 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.

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 prices set forth on the inside cover page of the Official Statement may or may not reflect the 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.

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 authorize 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.

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

Qualification for Financial Institutions

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

Book-Entry 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.

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.

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.

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.

SECTION II - THE ISSUER

Description of the Town

The Town was founded in 1633 as part of Windsor and, in 1845 incorporated as a separate municipality. Throughout most of its history, the Town has been an agriculture community as of a result of 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 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 is 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 and 2013. Comprehensive zoning regulations were first adopted in 1928 and are also revised on a periodic basis to reflect current development standards and practices. Both have resulted in a balanced economy, improved residential development and stabilized tax base. The Town has embarked on some new and exciting projects that will help shape the future. One of the most critical 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 five 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 (1) its proximity to the major metropolitan areas of New York City, Boston, Springfield and Hartford, (2) the immediate access to highly developed interstate highways and railways, (3) its exemplary education system and (4) its 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.

Form of Government

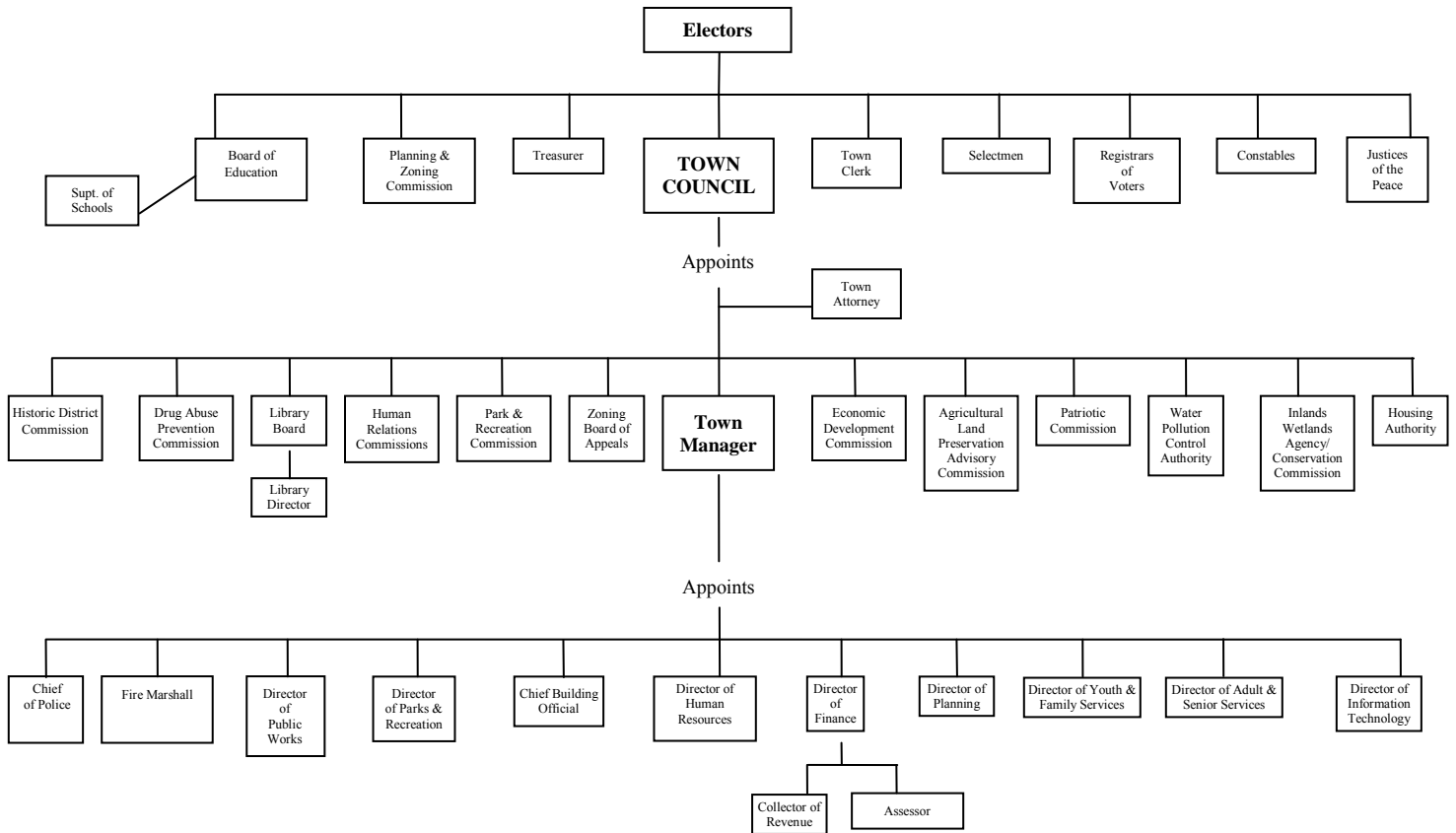
The Town has been organized under the Council-Manager form of government since 1960 with a nine-member Council elected at large (the "Town Council"). The legislative function is performed by a bipartisan Town Council of nine members, who are elected biennially for two-year terms. Minority political party representation is guaranteed in that no political party may have more than six members. The Town Council elects a Mayor from its membership for the 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.

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

Organizational Chart



Municipal Officials

Name	Position	Term	Length of Service
M. Saud Anwar	Mayor	2 years - Elected	3 years
Edward Havens	Deputy Mayor	2 years - Elected	37 years
Thomas Delnicki	Town Council	2 years - Elected	16 years
Carolyn Mirek	Town Council	2 years - Elected	1 year
Andrew Paterna	Town Council	1 year - Appointed	1 year
Elizabeth Pendleton	Town Council	2 years - Elected	1 year
Vacant	Town Council	2 years - Elected	
Janice A. Snyder	Town Council	2 years - Elected	3 years
Stephen Wagner	Town Council	2 years - Elected	1 year
David S. Joy	Chairman, Board of Education	2 years - Elected	17 years
Barbara Pandiscia	Town Treasurer	2 years - Elected	1 year
Matthew B. Galligan	Town Manager	Appointed	19 years
Vacant	Director of Finance	Appointed	
Patricia Perry	Interim Director of Finance	Appointed	1.5 years
Keith Yagaloff & Assoc.	Town Attorney	Appointed	less than 1 year
Dr. Kate Carter	Superintendent of Schools	Appointed	4 years

Principal Officials

Town Manager: Matthew B. Galligan was appointed Town Manager of South Windsor in January, 1996. He graduated from Dominican College in 1974 with a Bachelor's Degree in Accounting, and he received his MBA in Accounting from Iona College in 1979.

Mr. Galligan has 31 years of experience in accounting and municipal administration. Before coming to the Town, he was Village Manager of the Village of Mamaroneck, New York; Town Manager for the Town of North Branford, Connecticut; and City Finance Director and then City Manager for the City of Newburgh, New York. Mr. Galligan also served as a municipal auditor for the State of New York and for a New York City accounting firm.

Mr. Galligan is a member of the International City Managers Association, the National Government Finance Officers Association, and the New York and Connecticut Government Finance Officers Association.

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.

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-monthly collection of its recycling contracted services. The Town has been a member of the Connecticut Resources Recovery System since 1984 with solid waste disposed through a solid waste management service.

The Town has recently executed a Service Contract (the "Service Contract") with Connecticut Resources Recovery Authority (the "Authority") for Tier II services for the disposal of solid waste through the Mid-Connecticut System (the "System"). The Service Contract became effective upon execution and will remain in effect until June 30, 2015. The Town executed a separate five year contract with Murphy Road Recycling, LLC for collection of recyclables. This contract became effective November 16, 2012.

Each municipality signing a Service Contract, including the Town, has agreed to cause to be delivered to the System all of the solid waste under the legal control of the municipality. The Authority is required to impose service payments at a uniform rate per ton for all municipalities. If the municipality delivers less than its minimum commitment (as defined in the Service Contract) such rates shall be applied to its minimum commitment amount. The Service Contract also includes a schedule of delivery caps that cannot be exceeded.

The Authority is required to accept and dispose of solid waste in accordance with the Service Contract and with acceptable business standards. Each municipality retains the responsibility for the collection, disposal and treatment of solid waste which does not meet the requirements of or which the Authority refuses or is unable to accept under the Service Contract.

The Authority is required to calculate and impose Service Payments for all solid waste accepted at the System, such that the aggregate of all such Service Payments received by the Authority shall be sufficient to pay for the net cost of operation of the System as defined in the Service Contract. Service Payments shall be at a uniform rate per ton for all municipalities receiving Tier II services. If a municipality delivers less than its Minimum Commitment (as defined in the Service Contract) such rate shall be applied to its Minimum Commitment amount. The Authority is required to submit bills to the participating municipalities' on or before the fifteenth day following the end of a billing period. Municipalities are required to pay Service Payments within 30 days of the date of invoice.

All municipalities, including the Town, pledge their full faith and credit for the payments of all Service Payments and any delayed-payment charges and costs and expenses of the Authority and its representatives in collecting overdue Service Payments. Each municipality agrees that its obligation to make any such Service Payments and other such payments, in the amounts and at the time specified in the Service Contract, whether to the Authority or the trustee, shall be absolute and unconditional, absent manifest error, shall not be subject to any setoff, counterclaim, recoupment, defense (other than payment itself) or other right which the municipality may have against the Authority, the trustee or any other person for any reason whatsoever, shall not be affected by any defect in title, compliance with the plans and specifications, condition, design, fitness for use of or damage to or loss or destruction of, the System or any part thereof and so long as the Authority shall accept solid waste delivered by the municipality pursuant to the Service Contract, shall not be affected by any interruption or cessation in the possession, uses or operation of the System or any part thereof by the Authority or the operator of the System or any reason whatever.

To the extent that a municipality does not make provisions or appropriations necessary to provide for and authorize the payment by such municipality to the Authority of the payments required to be made by it under the Service Contract, the remaining municipalities, including the Town, must levy and collect such general or special taxes or cost sharing or other assessments as may be necessary to make such payments in full when due thereunder.

In the event of any disputes as to any portion of any bill, the disputing municipality will nevertheless pay the full amount of the disputed charges when due and will within 30 days from the date of the disputed bill, give written notice of the dispute to the Authority. The dispute will then be resolved under the dispute resolution provisions of the Service Contract.

The Town is obligated to deliver minimum tons of solid waste for processing is 1,750 with a maximum cap of 2,258 tons. The service payments fee that the Town pays to the Authority for solid waste is: \$65.00 for July 1, 2014 to June 30, 2015.

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 located in three strategically located fire stations. The South Windsor Volunteer Fire Department consists of 125 volunteers with eight pieces of fire fighting rolling stock.

Police Services: The South Windsor Police Department has 42 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 one environmental health officer 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 19 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 some 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 Services: The Connecticut Light and Power Company, a subsidiary of Northeast Utilities, provides electric service to the Town.

Educational System

The Town's elementary school system consists of five 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.

Educational Facilities

School	Grades	Date Occupied	Addition/ Renovation	No. of Classrooms	Enrollment 10/01/14	Capacity
Wapping Elementary School	K-5	1953	1961, 1992	17	303	525
Philip R. Smith Elementary School	K-5	1959	1961, 1988, 2000	21	343	576
Pleasant Valley Elementary School	K-5	1958	1988, 2000	24	346	552
Orchard Hill Elementary	K-5	1964	1988, 2000	23	389	576
Eli Terry Elementary School	K-5	1965	1966, 2000	18	372	528
Timothy Edwards Middle School	6-8	1968	1999	102	979	1,440
South Windsor High School	9-12	1962	1966, 1991	109	1,368	1,500
Total				314	4,100	5,697

Source: Superintendent of Schools.

Educational Enrollment History and Projections

<u>Actual Enrollments</u>				
School Year (1)	K-5	6-8	9-12	Total
2005-06	2,174	1,219	1,630	5,023
2006-07	2,112	1,203	1,652	4,967
2007-08	2,064	1,149	1,652	4,865
2008-09	2,001	1,114	1,617	4,732
2009-10	1,937	1,073	1,579	4,589
2010-11	1,850	1,089	1,546	4,485
2011-12	1,731	1,091	1,466	4,288
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
<u>Projected Enrollments</u>				
2015-16	1,775	965	1,309	4,049
2016-17	1,724	947	1,295	3,966
2017-18	1,747	930	1,255	3,932
2018-19	1,768	921	1,185	3,874
2019-20	1,724	937	1,194	3,855

(1) As of October 1.

Source: Superintendent of Schools

Municipal Employment (1)

The following table shows the Town's full time employment for the current fiscal year and the prior nine years ending June 30.

Fiscal Year	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Board of Education	638	639	628	609	635	642	642	615	672	691
General Government	172	172	174	178	176	183	181	181	178	172
Total	<u>810</u>	<u>811</u>	<u>802</u>	<u>787</u>	<u>811</u>	<u>825</u>	<u>823</u>	<u>796</u>	<u>850</u>	<u>863</u>

(1) Excludes enterprise and grant funded employees.

Source: Town of South Windsor Finance Department.

Municipal Employees by Category

The following is a breakdown by category of full time Town employees as of the date of this Official Statement:

<u>General Government</u>	<u>Employees</u>
Town Manager	3.0
Town Hall	1.0
Town Council	1.0
Finance	12.0
Data Processing	5.0
Public Safety	54.0
Sanitarian	1.0
Public Works	47.0
Building Department	3.0
Town Clerk	3.0
Human Services	8.0
Town Planner	3.0
Library	12.0
Parks and Recreation	19.0
Subtotal General Government Employees	<u>172.0</u>
<u>Board of Education</u>	
Administration and Principals	28.4
Teachers	371.7
Secretaries / Paraprofessionals	144.7
Nurses, LPNs, OT	12.5
Non-Bargaining Employees	38.7
Custodial / Maintenance / Courier	41.5
Subtotal Board of Education Employees	<u>637.5</u>
Total Town Funded Employees	809.5
<u>Enterprise and Grant Funded Employees</u>	
Food Service	35.5
Grant Funded	41.4
Subtotal Enterprise and Grant Funded Employees	<u>76.9</u>
Total Town Employees	<u>886.4</u>

Source: Town of South Windsor Finance Department.

Municipal Employees Bargaining Organizations

The following table sets forth a breakdown of employee representation by collective bargaining agent and the dates of expiration of the various collective bargaining agreements:

<u>Employees</u>	<u>Organization</u>	<u>Number of Employees</u>	<u>Current Contract Expiration</u>
<u>General Government</u>			
Police Officers	Local 1380, Council 15, AFSCME, AFL-CIO	37	6/30/15
Police Dispatchers	National Association of Municipal Employees, NAGE	10	6/30/16
Public Works and Clerical	Local 1303, Council 4, AFSCME, AFL-CIO	29	6/30/16
Pollution Control Operators	National Association of Municipal Employees, NAGE	9	6/30/15
Town Hall Employees	South Windsor Town Hall, Chapter 63, Civil Service Employee Affiliates, Inc.	18	6/30/16
<u>Board of Education</u>			
Teachers	South Windsor Education Association - CEA	390	6/30/16
Administrators	South Windsor School Administrators' Assoc.	23	6/30/17
Nurses	South Windsor School Nurses' Assoc., CSEA	9	6/30/15
Secretaries, Clerical and Aides	South Windsor Educational Support Staff Assoc., Local 1303-26, AFSCME	163	6/30/14 (1)
School Employees (Custodial and Maintenance)	South Windsor Facilities Staff, Local 1303-29, AFSCME	37	6/30/15

(1) In negotiations.

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

SECTION III - ECONOMIC AND DEMOGRAPHIC DATA

Population Trends

<u>Year</u>	<u>Town of South Windsor</u>	<u>Hartford County</u>	<u>State of Connecticut</u>
1960	9,460	689,555	2,535,234
1970	15,563	816,737	3,032,217
1980	17,198	807,766	3,107,564
1990	22,090	851,783	3,287,116
2000	24,412	857,183	3,405,565
2010	25,709	894,014	3,574,097

Source: Source:U.S. Census Bureau.

Age Characteristics of Population

<u>Age</u>	<u>Town of South Windsor</u>		<u>Hartford County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5	1185	4.6	50,688	5.7	202,106	5.7
5 - 19	5,538	21.5	176,874	19.8	713,670	20.0
20 - 24	1074	4.2	55,702	6.2	227,898	6.4
25 - 44	5,763	22.4	228,481	25.6	904,815	25.3
45 - 64	8,178	31.8	252,150	28.2	1,019,049	28.5
65 and over	3,971	15.4	130,119	14.6	506,559	14.2
Total	<u>25,709</u>	<u>100.0</u>	<u>894,014</u>	<u>100.0</u>	<u>3,574,097</u>	<u>100.0</u>

Source: U.S. Census Bureau, Census 2010.

Selected Wealth and Income Indicators

	<u>Median Family Income (2000)</u>	<u>Median Family Income (2013)</u>	<u>Per Capita Income (2000)</u>	<u>Per Capita Income (2013)</u>
Town of South Windsor	\$82,807	\$106,069	\$30,966	\$41,398
Hartford County	62,144	81,805	26,047	34,698
Connecticut	65,521	87,245	28,766	37,892
United States	49,600	64,719	21,690	28,155

Source: U.S. Census Bureau, Census 2000 and 2009-2013 American Community Survey.

Income Distribution

	<u>Town of South Windsor</u>		<u>Hartford County</u>		<u>State of Connecticut</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
\$ -0- to 9,999	23	0.3	8,863	3.9	29,895	3.3
10,000 to 14,999	10	0.1	5,838	2.6	19,176	2.1
15,000 to 24,999	168	2.4	13,259	5.8	47,319	5.2
25,000 to 34,999	157	2.3	14,689	6.5	56,997	6.3
35,000 to 49,999	447	6.5	22,737	10.0	86,025	9.5
50,000 to 74,999	1,101	16.0	38,289	16.9	143,989	15.9
75,000 to 99,999	1,347	19.5	34,023	15.0	131,874	14.6
100,000 to 149,999	1,726	25.0	45,500	20.0	187,718	20.8
150,000 to 199,999	978	14.2	21,723	9.6	90,602	10.0
200,000 or more	944	13.7	22,206	9.8	109,982	12.2
	<u>6,901</u>	<u>100.0</u>	<u>227,127</u>	<u>100.0</u>	<u>903,577</u>	<u>100.0</u>

Source: U.S. Census Bureau, 2009-2013 American Community Survey.

Educational Attainment
Years of School Completed, Age 25 & Over

	Town of South Windsor		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade	422	2.4	30,091	4.9	109,133	4.5
9th to 12th grade	734	4.2	42,674	7.0	155,272	6.4
High School graduate	3,917	22.4	170,017	27.7	678,370	27.8
Some college	2,710	15.5	110,152	17.9	431,469	17.7
Associate degree	1,384	7.9	46,875	7.6	178,597	7.3
Bachelor degree	4,765	27.2	121,398	19.8	498,124	20.4
Graduate or professional degree	3,584	20.5	92,804	15.1	392,796	16.1
Total	17,516	100.0	614,011	100.0	2,443,761	100.0
Total high school graduate or higher (%)		93.4%		88.1%		89.2%
Total bachelor degree or higher (%)		47.7%		34.9%		36.5%

Source: U.S. Census Bureau, 2009-2013 American Community Survey.

Employment by Industry

	Town of South Windsor		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fisheries	10	0.1	1,055	0.2	6,945	0.4
Construction	401	3.1	20,531	4.7	99,444	5.7
Manufacturing	1,669	12.8	47,141	10.8	193,945	11.0
Wholesale trade	276	2.1	11,392	2.6	43,550	2.5
Retail trade	1,355	10.4	47,231	10.8	191,841	10.9
Transportation & warehousing, and utilities	445	3.4	17,507	4.0	65,630	3.7
Information	191	1.5	10,332	2.4	41,588	2.4
Finance, insurance, real estate	2,183	16.7	49,715	11.4	160,976	9.1
Professional, scientific, management, administrative, and waste management services	1,306	10.0	44,951	10.3	194,959	11.1
Educational, health & social services	3,186	24.4	114,048	26.2	464,177	26.4
Arts, entertainment, recreation, accommodation and food services	801	6.1	33,690	7.7	148,097	8.4
Other professional services	509	3.9	19,093	4.4	81,443	4.6
Public Administration	720	5.5	19,256	4.4	66,817	3.8
TOTAL	13,052	100.0	435,942	100.0	1,759,412	100.0

Source: U.S. Census Bureau, 2009-2013 American Community Survey.

Major Employers

Employer	Nature of Business	Number of Employees
The Town of South Windsor	Government and Education	810
DST Output	Service	650
Ticket Network	Service	441
The May Company	Distributor	389
Target Department Stores	Retail	250
Lowes Home Improvement	Retail	170
HPC Food Services	Food Products (Wholesale)	158
Electro Methods	Manufacturer	155
Eastern Connecticut Health Network	Medical	100

Source: Town of South Windsor, Town Manager's Office.

Unemployment Rate Statistics

Yearly Average	Town of South Windsor Percent	Hartford Labor Market Percent	State of Connecticut Percent	United States Percent
2004	3.7	5.2	4.9	5.5
2005	3.6	5.1	4.9	5.1
2006	3.3	4.4	4.3	4.6
2007	3.3	4.7	4.6	4.6
2008	4.3	5.9	5.7	5.8
2009	6.2	8.1	8.0	9.3
2010	6.9	8.7	9.0	9.6
2011	6.3	8.9	8.8	9.0
2012	6.3	8.4	8.3	8.1
2013	6.0	7.9	7.9	7.4

2014 Monthly

January	5.8	7.6	7.5	7.0
February	5.8	7.4	7.4	7.0
March	5.7	7.4	7.4	6.8
April	4.9	6.6	6.6	5.9
May	5.7	7.0	6.9	6.1
June	5.2	6.5	6.5	6.3
July	5.4	7.0	6.8	6.5
August	5.1	7.0	6.9	6.3
September	4.6	5.9	5.9	5.7
October	4.8	6.3	6.3	5.5
November	4.6	6.2	6.2	5.5

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

Number and Value of Building Permits

Fiscal Year Ending 6/30	Residential		Commercial and Industrial		Other		Total	
	Number	Value	Number	Value	Number	Value	Number	Value
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
2012	1,645	16,867,946	281	20,425,879	-	-	1,926	37,293,825
2011	1,463	10,637,359	230	8,771,365	-	-	1,693	19,408,724
2010	1,435	11,666,066	264	15,769,018	-	-	1,699	27,435,084
2009	1,460	14,896,989	404	10,177,586	-	-	1,864	25,074,575
2008 (1)	1,002	16,952,460	295	44,817,119	485	9,082,510	1,782	70,852,089
2007	524	9,741,922	70	6,990,194	1,176	7,761,631	1,770	24,493,747
2006	621	16,389,953	133	16,994,484	1,601	13,786,990	2,355	47,171,427
2005	180	10,528,000	61	16,908,651	2,254	29,515,522	2,495	56,952,173

(1) Due to a change in Permits and Code Enforcement Software in January 2008 Other Permits are included in either the Residential or Industrial/Commercial Permit categories.

Source: Town of South Windsor Reports provided by the Office of Building Inspections.

Number of Dwelling Units

2010	2000	1990	1980	% Increase 1980-2010	% Increase 1990-2010	% Increase 2000-2010
10,243	9,011	8,044	5,590	83.2%	27.3%	13.7%

Source: U.S. Census Bureau.

Characteristics of Housing Units

Sales Price Category	Town of South Windsor		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000	220	2.7	5,589	2.5	20,800	2.3
50,000 to 99,999	47	0.6	6,723	2.9	24,638	2.7
100,000 to 149,999	576	7.0	20,791	9.1	66,934	7.3
150,000 to 199,999	902	10.9	44,966	19.7	135,714	14.8
200,000 to 299,999	3,249	39.3	78,911	34.6	264,832	28.8
300,000 to 499,999	2,806	33.9	54,719	24.0	250,076	27.2
500,000 to 999,999	416	5.0	14,306	6.3	114,622	12.5
1,000,000 and over	50	0.6	1,949	0.9	41,872	4.6
	<u>8,266</u>	<u>100.0</u>	<u>227,954</u>	<u>100.0</u>	<u>919,488</u>	<u>100.0</u>
Median Values	\$271,700		\$241,500		\$278,900	

Source: U.S. Census Bureau, 2009-2013 American Community Survey.

Age Distribution of Housing

Year Built	Town of South Windsor		Hartford County		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent
1939 or earlier	635	6.5	74,221	19.9	336,587	22.6
1940 – 1949	221	2.3	32,513	8.7	105,742	7.1
1950 – 1959	1,590	16.3	68,139	18.2	232,555	15.6
1960 – 1969	1,163	12.0	52,766	14.1	200,430	13.5
1970 – 1979	1,421	14.6	49,011	13.1	200,576	13.5
1980 – 1989	2,615	26.9	49,145	13.1	192,185	12.9
1990 – 1999	1,076	11.1	24,243	6.5	111,295	7.5
2000 – 2009	955	9.8	23,031	6.2	102,666	6.9
2010 or later	53	0.5	740	0.2	4,959	0.3
Total Housing	<u>9,729</u>	<u>100.0</u>	<u>373,809</u>	<u>100.0</u>	<u>1,486,995</u>	<u>100.0</u>

Source: U.S. Census Bureau, 2009-2013 American Community Survey.

Breakdown of Land Use

Land Use Category	Total Acreage By Zoning		Developed Acreage By Land Use		Undeveloped Acreage	
	Zoning	Percent	Land Use	Percent	Acreage	Percent
Residential	15,011	81.8	7,546	78.1	7,540	86.7
Commercial	910	4.9	703	7.3	207	2.4
Industrial	<u>2,445</u>	<u>13.3</u>	<u>1,420</u>	<u>14.6</u>	<u>950</u>	<u>10.9</u>
Total Area	18,366	100.0	9,669	100.0	8,697	100.0

Source: Town of South Windsor, Planning Department, December 2014.

SECTION IV - INDEBTEDNESS

Computation of Statutory Debt Limit

As of February 18, 2015 (Pro Forma)

Total Fiscal Year 2014 tax collections (including interest and lien fees)	\$ 86,233,525
State Reimbursement for Revenue Loss on:	
Tax Relief for the Elderly	<u>2,000</u>
Base for Establishing Debt Limit	<u><u>\$ 86,235,525</u></u>

Debt Limit

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit	Total Debt
(2.25 times base)	\$ 194,029,931					
(4.50 times base)		\$ 388,059,863				
(3.75 times base)			\$ 323,383,219			
(3.25 times base)				\$ 280,265,456		
(3.00 times base)					\$ 258,706,575	
(7.00 times base)						\$ 603,648,675

Indebtedness (Including the Bonds and the Notes)

Bonds Payable	\$ 23,463,000	\$ 5,052,000	\$ 1,750,000	\$ -	\$ -	\$ 30,265,000
The Bonds (<i>This Issue</i>)	1,900,000	3,260,000	-	-	-	5,160,000
The Notes (<i>This Issue</i>)	5,500,000	1,660,000	-	-	-	7,160,000
State of Connecticut Clean Water Fund ("CWF")						
Project Loan Obligation (PLO) (1)	-	-	26,375,147	-	-	26,375,147
Authorized but Unissued Debt	<u>8,503,082</u>	<u>33,020,000</u>	<u>11,723,412</u>	<u>-</u>	<u>-</u>	<u>53,246,494</u>
Total Indebtedness	39,366,082	42,992,000	39,848,559	-	-	122,206,641
Exclusions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Indebtedness	<u>39,366,082</u>	<u>42,992,000</u>	<u>39,848,559</u>	<u>-</u>	<u>-</u>	<u>122,206,641</u>
Excess of Limit Over Outstanding and Authorized Debt	<u><u>\$ 154,663,849</u></u>	<u><u>\$ 345,067,863</u></u>	<u><u>\$ 283,534,660</u></u>	<u><u>\$ 280,265,456</u></u>	<u><u>\$ 258,706,575</u></u>	<u><u>\$ 481,442,034</u></u>

- (1) 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.)
- (2) It is estimated that the Town will receive State of Connecticut School Construction grant progress payments in the amount of \$11,611,925 during the construction of the project. (See "School Projects" herein).

Under Connecticut General Statutes, Town debt cannot exceed \$603,648,675 or seven times the debt limit base.

Calculation of Net Direct Indebtedness

As of February 18, 2015 (Pro Forma)

Long Term Indebtedness (1)	
The Bonds (<i>This Issue</i>)	\$ 5,160,000
General Purpose	23,463,000
Schools	5,052,000
Sewers	1,750,000
State of Connecticut Project Loan Obligation (PLO) (2)	<u>26,375,147</u>
Total Long-Term Indebtedness	61,800,147
Short Term Indebtedness	
The Notes (<i>This Issue</i>)	<u>7,160,000</u>
Total Short Term Indebtedness	<u>7,160,000</u>
Total Direct Indebtedness	<u>68,960,147</u>
Exclusions:	
State School Building Grants Receivable	<u>-</u>
Total Net Direct Indebtedness	<u><u>\$ 68,960,147</u></u>

(1) Excludes authorized but unissued debt of \$53,246,494. (See "Authorized but Unissued Debt" herein).

(2) 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.)

Current Debt Ratios

As of February 18, 2015 (Pro Forma)

Total Direct Indebtedness (1)	\$68,960,147
Net Direct Indebtedness (1)	\$68,960,147
Population (2)	25,709
Net Taxable Grand List (10/1/13)	\$2,506,427,581
Estimated Full Value	\$3,580,610,830
Equalized Net Taxable Grand List (2012) (3)	\$3,525,312,497
Per Capita Income (2013) (4)	\$41,398
Total Direct Indebtedness:	
Per Capita	\$2,682.33
To Net Taxable Grand List	2.75%
To Estimated Full Value	1.93%
To Equalized Net Taxable Grand List	1.96%
Per Capita to Per Capita Income	6.48%
Net Direct Indebtedness:	
Per Capita	\$2,682.33
To Net Taxable Grand List	2.75%
To Estimated Full Value	1.93%
To Equalized Net Taxable Grand List	1.96%
Per Capita to Per Capita Income	6.48%

(1) U.S. Bureau of Census, 2010.

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

(3) U.S. Census Bureau, 2009-2013 American Community Survey.

Historical Debt Statement

	2013-14	2012-13	2011-12	2010-11	2009-10
Population (1)	25,709	25,709	25,709	25,709	25,709
Net taxable grand list	\$2,468,393,038	\$2,771,296,551	\$2,740,622,596	\$2,731,391,588	\$2,721,963,795
Estimated full value	\$3,526,275,769	\$3,958,995,073	\$3,915,175,137	\$3,901,987,983	\$3,888,519,707
Equalized net taxable grand list (2)	\$3,525,312,497	\$3,386,291,507	\$3,598,807,424	\$3,813,398,098	\$3,778,484,983
Per capita income (3)	\$41,398	\$41,398	\$41,398	\$41,398	\$41,398
Short-term debt	\$ 6,320,000	\$ 10,105,000	\$ 37,428,493	\$ 25,297,737	\$ 10,056,749
Long-term debt	60,102,027	57,920,648	34,491,111	35,190,939	29,147,700
Total Direct debt	\$ 66,422,027	\$ 68,025,648	\$ 71,919,604	\$ 60,488,676	\$ 39,204,449
Net Direct debt	\$ 66,422,027	\$ 68,025,648	\$ 71,919,604	\$ 60,186,358	\$ 38,251,611

(1) U. S. Bureau of Census.

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

(3) U.S. Census Bureau, 2009-2013 American Community Survey.

Historical Debt Ratios

	2013-14	2012-13	2011-12	2010-11	2009-10
Total Direct Indebtedness:					
Per capita	\$2,583.61	\$2,645.99	\$2,797.45	\$2,352.82	\$1,524.93
To net taxable grand list	2.69%	2.45%	2.62%	2.21%	1.44%
To estimated full value	1.88%	1.72%	1.84%	1.55%	1.01%
To equalized net taxable grand list	1.88%	2.01%	2.00%	1.59%	1.04%
Debt per capita to per capita income	6.24%	6.39%	6.76%	5.68%	3.68%
Net Direct Indebtedness:					
Per capita	\$2,583.61	\$2,645.99	\$2,797.45	\$2,341.06	\$1,487.87
To net taxable grand list	2.69%	2.45%	2.62%	2.20%	1.41%
To estimated full value	1.88%	1.72%	1.84%	1.54%	0.98%
To equalized net taxable grand list	1.88%	2.01%	2.00%	1.58%	1.01%
Debt per capita to per capita income	6.24%	6.39%	6.76%	5.66%	3.59%

Outstanding Short-Term Indebtedness

The Town has \$6,320,000 in bond anticipation notes outstanding that mature on February 18, 2015 which will be retired with the Bond proceeds. (See "Authorized but Unissued Debt" herein).

Overlapping and Underlying Indebtedness

The Town currently has no overlapping or underlying indebtedness.

Capital Leases

The Town has outstanding Lease Agreements in the amount of \$1,542,849 as of June 30, 2014. These payments are not included in the outstanding bonded debt. (See Appendix A – "Audited Financial Statements").

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 prepay their loans at any time prior to maturity without penalty.

The Town has the following Clean Water Fund loans outstanding:

Project	Date of Issue	Original 2% Loan Amount	Amount Outstanding As of February 18, 2015
CWF PLO 200-C (1)	12/31/1997	\$ 482,056	\$ 54,471
CWF PLO 459-PDC	12/21/2001	800,000	289,511
CWF PLO 109-CSL	11/30/2005	402,727	225,941
CWF PLO 135-CSL	01/01/2007	1,568,029	961,847
CWF PLO 503-C	09/28/2012	27,516,583	24,843,377
		<u>\$ 30,769,395</u>	<u>\$ 26,375,147</u>

- (1) The Towns of Vernon, Ellington, Manchester, South Windsor and Tolland entered into an agreement on December 5, 1997, whereby the Town of Vernon issued a PLO in the amount of \$27,635,550 for the upgrade and expansion of the Vernon Waste Water Treatment Plant. Under the agreement, the Towns of Ellington, Manchester, South Windsor and Tolland are obligated to pay the Town of Vernon a percentage of the principal and interest payments on the PLO. As of February 18, 2015, the Town's share of the balance outstanding of the PLO is \$54,471 or 1.74%. Additionally, the Town of Vernon is currently in the process of making upgrades to the Waste Water Treatment Plant for nitrification reduction. The total cost of the nitrification reduction project is \$1,295,000. The Town of Vernon expects to receive a Clean Water Fund Grant in the amount of \$375,000, and a Clean Water Fund Loan in the amount of \$920,000, of which the Town's share under the agreement would be 1.74% or \$16,000.

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 project costs or temporary notes when they become due and payable, and the legislative body schedules principal reductions by the end of the third year and for each subsequent year during which such temporary notes remain outstanding, in an amount equal to a minimum of 1/20th (1/30th for sewer projects and certain school projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

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

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

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.

Project	Amount of Total Authorization	Estimated Reimbursement Rate (%)	Estimated Grant
Orchard Hill Elementary School Project (1)	\$ 33,520,000	34.64%	\$ 11,611,328

Authorized but Unissued Debt

Project	Amount Authorized	Previously Bonded	Grants and Paydowns	The Bonds (This Issue)	The Notes (This Issue)	Authorized But Unissued
Open Space Acquisitions						
2009 Authorization	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000
Water Pollution Control Facility Project	47,000,000	27,516,583	(7,760,005)	-	-	11,723,412
Storm Alfred Debris Management and Removal Services	8,000,000	2,000,000	(5,996,918)	-	-	3,082
2012 - Various School Projects	5,790,000	1,370,000	-	3,260,000	1,160,000	-
2012 - Road / Drainage Improvements	4,000,000	2,100,000	-	1,900,000	-	-
Orchard Hill Elementary School Project	33,520,000	-	-	-	500,000	33,020,000
2014 - Road / Drainage Improvements	12,000,000			-	5,500,000	6,500,000
Total	<u>\$112,310,000</u>	<u>\$ 32,986,583</u>	<u>\$ (13,756,923)</u>	<u>\$ 5,160,000</u>	<u>\$ 7,160,000</u>	<u>\$ 53,246,494</u>

Capital Improvement Program

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 2012-2022 Plan projects a total of \$42,000,000. Over the ten 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.

Combined Schedule of Long Term Debt through Maturity – General Fund and Sewer Operating Fund

As of February 18, 2015 (Pro Forma)

Fiscal Year	Existing Indebtedness			The Bonds Principal	Principal All Issues (1)
	Principal Payments (1)	Interest Payments	Total Debt Payments (1)		
2014-15	\$ 4,365,035	\$ 1,546,547	\$ 5,911,582	\$ -	\$ 4,365,035
2015-16	4,366,982	1,495,137	5,862,119	-	4,366,982
2016-17	4,764,916	1,333,757	6,098,673	-	4,764,916
2017-18	3,532,966	1,196,437	4,729,403	300,000	3,832,966
2018-19	3,420,981	1,101,622	4,522,603	300,000	3,720,981
2019-20	3,399,562	1,002,316	4,401,878	300,000	3,699,562
2020-21	3,433,719	898,858	4,332,577	300,000	3,733,719
2021-22	3,433,992	796,482	4,230,474	300,000	3,733,992
2022-23	3,269,358	691,907	3,961,265	300,000	3,569,358
2023-24	3,309,318	603,090	3,912,408	300,000	3,609,318
2024-25	3,002,865	531,959	3,534,824	300,000	3,302,865
2025-26	3,036,582	460,606	3,497,188	300,000	3,336,582
2026-27	2,970,731	387,018	3,357,749	275,000	3,245,731
2027-28	2,977,917	315,742	3,293,659	275,000	3,252,917
2028-29	2,498,555	250,216	2,748,771	275,000	2,773,555
2029-30	2,519,812	189,610	2,709,422	275,000	2,794,812
2030-31	2,541,699	127,672	2,669,371	275,000	2,816,699
2031-32	2,044,230	73,191	2,117,421	275,000	2,319,230
2032-33	816,217	32,388	848,605	275,000	1,091,217
2033-34	400,000	16,000	416,000	275,000	675,000
2034-35	-	-	-	260,000	260,000
Total	<u>\$ 60,105,437</u>	<u>\$ 13,050,555</u>	<u>\$ 73,155,992</u>	<u>\$ 5,160,000</u>	<u>\$ 65,265,437</u>

(1) Total includes principal payments of \$3,174,821 made between July 1, 2014 and February 18, 2015.

Source: Town of South Windsor.

Schedule of Long Term Debt through Maturity – General Fund

As of February 18, 2015 (Pro Forma)

Fiscal Year	Existing Indebtedness			The Bonds Principal	Principal All Issues (1)
	Principal Payments (1)	Interest Payments	Total Debt Payments (1)		
2014-15	\$ 3,030,000	\$ 1,015,532	\$ 4,045,532	\$ -	\$ 3,030,000
2015-16	3,005,000	991,069	3,996,069	-	3,005,000
2016-17	3,390,000	857,119	4,247,119	-	3,390,000
2017-18	2,145,000	747,344	2,892,344	300,000	2,445,000
2018-19	2,005,000	680,544	2,685,544	300,000	2,305,000
2019-20	1,955,000	609,819	2,564,819	300,000	2,255,000
2020-21	1,960,000	535,519	2,495,519	300,000	2,260,000
2021-22	1,975,000	462,519	2,437,519	300,000	2,275,000
2022-23	1,785,000	387,319	2,172,319	300,000	2,085,000
2023-24	1,795,000	328,463	2,123,463	300,000	2,095,000
2024-25	1,460,000	287,897	1,747,897	300,000	1,760,000
2025-26	1,485,000	247,463	1,732,463	300,000	1,785,000
2026-27	1,475,000	204,469	1,679,469	275,000	1,750,000
2027-28	1,460,000	163,238	1,623,238	275,000	1,735,000
2028-29	950,000	128,350	1,078,350	275,000	1,225,000
2029-30	940,000	99,000	1,039,000	275,000	1,215,000
2030-31	930,000	68,950	998,950	275,000	1,205,000
2031-32	400,000	47,000	447,000	275,000	675,000
2032-33	400,000	31,000	431,000	275,000	675,000
2033-34	400,000	16,000	416,000	275,000	675,000
2034-35	-	-	-	260,000	260,000
Total	<u>\$ 32,945,000</u>	<u>\$ 7,908,614</u>	<u>\$ 40,853,614</u>	<u>\$ 5,160,000</u>	<u>\$ 38,105,000</u>

(1) Total includes principal payments of \$2,680,000 made between July 1, 2014 and February 18, 2015.

Source: Town of South Windsor.

Schedule of Long Term Debt through Maturity – Sewer Operating Fund
As of February 18, 2015 (Pro Forma)

Fiscal Year	Existing Indebtedness		
	Principal Payments (1)	Interest Payments	Total Debt Service (1)
2014-15	\$ 1,335,035	\$ 531,015	\$ 1,866,050
2015-16	1,361,982	504,068	1,866,050
2016-17	1,374,916	476,638	1,851,554
2017-18	1,387,966	449,093	1,837,059
2018-19	1,415,981	421,078	1,837,059
2019-20	1,444,562	392,497	1,837,059
2020-21	1,473,719	363,340	1,837,059
2021-22	1,458,992	333,963	1,792,955
2022-23	1,484,358	304,588	1,788,946
2023-24	1,514,318	274,627	1,788,945
2024-25	1,542,865	244,062	1,786,927
2025-26	1,551,582	213,143	1,764,725
2026-27	1,495,731	182,550	1,678,281
2027-28	1,517,917	152,505	1,670,422
2028-29	1,548,555	121,866	1,670,421
2029-30	1,579,812	90,610	1,670,422
2030-31	1,611,699	58,722	1,670,421
2031-32	1,644,230	26,191	1,670,421
2032-33	416,217	1,388	417,605
Total	<u>\$ 27,160,437</u>	<u>\$ 5,141,944</u>	<u>\$ 32,302,381</u>

(1) Total includes principal payments of \$494,821 made between July 1, 2014 and February 18, 2015.

Source: Town of South Windsor.

SECTION V - FINANCIAL DATA

Accounting Policies

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

Basis of Accounting

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

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 Blum, Shapiro & Company, P.C., 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, 2014. 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 Blum, Shapiro & Company, P.C., 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.

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 22nd 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 7th, at which time any elector or taxpayer may be heard regarding appropriations for the ensuing fiscal year. By May 22nd, 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.

All unencumbered appropriations lapse at year end, except those for the Capital Projects Fund and certain special revenue grants. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

Employee Pension Systems

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.

Based upon a January 1, 2013 actual valuation, the actuarial value of assets and actuarial liabilities for the Plan were as follows:

Town Pension Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Over (Under) Funded AAL (UAAL) (a-b)	Funded AAL Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(a-b) / (c)]
1/1/2005	\$ 11,056,100	\$ 16,544,600	\$ (5,488,500)	66.8%	\$ 4,629,455	(118.6)
1/1/2006	11,417,364	17,733,386	(6,316,022)	64.4%	4,744,942	(133.1)
1/1/2007	12,287,046	19,562,764	(7,275,718)	62.8%	4,771,476	(152.5)
1/1/2008	13,426,371	21,185,349	(7,758,978)	63.4%	4,962,230	(156.4)
1/1/2009	12,424,948	23,350,652	(10,925,704)	53.2%	5,239,328	(208.5)
1/1/2010	14,433,589	24,622,308	(10,188,719)	58.6%	5,427,342	(187.7)
1/1/2011	15,788,240	26,743,578	(10,955,338)	59.0%	5,337,789	(205.2)
1/1/2012	17,001,457	29,038,451	(12,036,994)	58.5%	5,352,711	(224.9)
1/1/2013	18,502,417	31,008,924	(12,506,507)	59.7%	4,749,846	(263.3)
1/1/2014	21,317,803	34,458,002	(13,140,199)	61.9%	4,716,701	(278.6)

Board of Education Pension Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Over (Under) Funded AAL (UAAL) (a-b)	Funded AAL Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(a-b) / (c)]
1/1/2005	\$ 5,217,193	\$ 6,281,473	\$ (1,064,280)	83.1%	\$ 2,791,381	(38.1)
1/1/2006	5,436,787	6,813,845	(1,377,058)	79.8%	2,764,749	(49.8)
1/1/2007	6,076,770	7,114,251	(1,037,481)	85.4%	3,232,684	(32.1)
1/1/2008	7,209,802	7,697,888	(488,086)	93.7%	3,321,753	(14.7)
1/1/2009	6,670,839	8,534,681	(1,863,842)	78.2%	3,512,067	(53.1)
1/1/2010	7,867,409	9,162,890	(1,295,481)	85.9%	3,652,821	(35.5)
1/1/2011	8,394,835	9,941,840	(1,547,005)	84.4%	3,419,019	(45.2)
1/1/2012	9,116,329	10,655,240	(1,538,911)	85.6%	3,012,321	(51.1)
1/1/2013	9,668,718	11,326,679	(1,657,961)	85.4%	3,085,477	(53.7)
1/1/2014	10,516,003	12,616,929	(2,100,926)	83.3%	3,122,271	(67.3)

Town Pension Fund

Year Ended June 30	Actuarial Required Contribution	Percentage Contributed
2006	\$ 890,470	47.1%
2007	998,869	60.7%
2008	1,105,236	60.5%
2009	1,220,118	67.7%
2010	1,573,634	61.2%
2011	1,500,972	85.2%
2012	1,583,496	84.8%
2013	1,697,994	100.0%
2014	1,686,734	100.0%
2015 (1)	1,727,470	100.0%

Board of Education Pension Fund

Year Ended June 30	Actuarial Required Contribution	Percentage Contributed
2006	\$ 419,238	76.6%
2007	464,398	98.5%
2008	483,721	172.4%
2009	429,319	82.5%
2010	522,765	82.8%
2011	487,057	80.7%
2012	481,339	156.2%
2013	443,288	116.9%
2014	450,378	204.8%
2015 (1)	535,965	100.0%

(1) As budgeted for fiscal year 2014-15.

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, 2015, 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. However, the Town does not have any retired police department employees utilizing the post employment health care benefit.

The Town's actuary, Milliman USA, has prepared a report, dated July 1, 2013, in compliance with Government Accounting Standards Board ("GASB") Statement #45 which included Town and Board of Education employees. As part of the valuation, Milliman USA determined an implicit rate subsidy where applicable, and employed an 8.0% discount rate.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Over (Under) Funded AAL (UAAL) (a-b)	Funded AAL Ratio (a/b)
7/1/2007	\$ -	\$ 5,569,000	\$ (5,569,000)	0.0%
7/1/2009	-	5,906,000	(5,906,000)	0.0%
7/1/2011	488,000	8,021,000	(7,533,000)	6.1%
7/1/2013	839,000	9,510,000	(8,671,000)	8.8%

Year Ended June 30	Actuarial Required Contribution	Percentage Contributed
2009	\$ 631,000	100.0%
2010	665,000	101.0%
2011	700,000	100.0%
2012	700,000	94.0%
2013	864,000	100.0%
2014	864,000	100.0%
2015 (1)	1,007,276	100.0%

(1) As budgeted for fiscal year 2014-15.

Investment Policies and Procedures

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

The Town's investment practices have been to invest only in certificates of deposit and the State of Connecticut Short-Term Investment Fund (STIF). The Town does not invest in derivative based investment products. The 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; (2) the State of Connecticut Short-Term Investment Fund; and (3) Cutwater Asset Management which according to Cutwater Asset Management, invests only in (i) high grade short-term federal securities and variable rate obligations backed by federal agencies having monthly or quarterly assets based on indices like the prime rate, LIBOR, or a combination of the two, and (ii) very short-term (usually overnight) repurchase agreements secured by high quality collateral which is valued daily and fully delivered to the programs' custodial bank to be held for the benefit of the pool's participants).

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-33 herein.

Assessment Practices

The Town last conducted a revaluation for all real estate effective October 1, 2012 Grand List, for the 2013-14 fiscal year. Under Section 12-62 of the Connecticut General Statutes, the Town must revalue all real estate by physical inspection no later than ten years following the preceding physical inspection. The Town must conduct a statistical revaluation no later than five years after the last physical inspection. The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the Town for inclusion on the Grand List is the responsibility of the Assessor. The Grand List represents the total of assessed value for all taxable real and personal property located within the Town as of October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments are computed at seventy percent (70%) of 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 appraisal is then completed and the structure classified and priced from a schedule developed as of the revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

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

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

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

Tax Collection Procedure

Taxes for the fiscal year are paid on the grand list of the prior October 1, and are due July 1, payable in 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 Public Act No. 82-141, effective July 1, 1982, and applicable to property taxes due on or after said date, delinquent property taxes were subject to interest at the rate of 1.5% per month. Real estate is liened for delinquent taxes within one year after the tax due date.

Property Tax Levies and Collections

Fiscal Year Ending 6/30	Taxable Grand List (1)	Tax Rate (In Mills)	Adjusted Tax Levy	% Annual Levy Collected	Uncollected Taxes	
					End of Each Fiscal Year	As of 6/30/14
2015 (Adopted Budget)	\$ 2,506,427,581	35.51	\$ 87,696,371	In Process	In Process	In Process
2014	2,468,393,038	34.90	86,279,650	98.6	\$ 1,236,937	\$ 1,236,937
2013	2,771,296,551	29.43	81,652,659	98.7	1,086,502	588,869
2012	2,740,622,596	28.78	78,796,861	98.7	1,043,950	285,697
2011	2,731,391,588	28.34	77,518,490	98.7	978,892	220,948
2010	2,721,963,795	27.84	75,361,514	98.5	1,104,861	258,933
2009	2,680,367,627	27.42	73,246,521	98.7	986,560	197,357
2008	2,113,039,277	32.54	69,056,659	98.9	778,616	169,103
2007	2,068,078,955	32.54	67,732,297	99.0	695,704	148,528
2006	2,008,658,573	31.95	64,873,761	98.5	945,874	78,977

(1) According to Connecticut General Statutes, towns are required to revalue real property by physical inspection at least every ten years. South Windsor last completed their revaluation effective October 1, 2012 for fiscal year 2013-14.

Source: Town of South Windsor Assessor's Office.

Taxable Grand List (1)

Grand List Dated	Real Property	Personal Property	Motor Vehicle	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List
10/01/13	\$ 2,120,846,950	\$ 287,829,500	\$ 216,945,460	\$ 2,625,621,910	\$ 119,194,329	\$ 2,506,427,581
10/01/12	2,113,752,046	258,829,020	207,156,730	2,579,737,796	111,344,758	2,468,393,038
10/01/11	2,437,582,730	246,646,610	208,122,550	2,892,351,890	121,055,339	2,771,296,551
10/01/10	2,428,826,870	231,536,430	194,075,430	2,854,438,730	113,816,134	2,740,622,596
10/01/09	2,416,295,961	237,208,005	184,651,916	2,838,155,882	106,764,294	2,731,391,588
10/01/08	2,412,076,680	218,994,377	186,016,297	2,817,087,354	95,123,559	2,721,963,795
10/01/07	2,377,141,380	176,737,175	195,222,387	2,749,100,942	68,733,315	2,680,367,627
10/01/06	1,812,683,063	165,927,668	194,545,587	2,173,156,318	60,117,041	2,113,039,277
10/01/05	1,786,475,993	140,962,087	191,689,989	2,119,128,069	51,049,114	2,068,078,955
10/01/04	1,751,930,592	133,866,667	181,286,711	2,067,083,970	58,425,397	2,008,658,573

(1) The Grand List represents the total of assessed value for all taxable real and personal property located within the Town as of October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments are computed at seventy percent (70%) of market value at the time of the revaluation. The most recent revaluation was done in October 1, 2012.

Source: Town of South Windsor Assessor's Office.

Largest Taxpayers

The following table sets forth the ten largest taxpayers in the Town per the Grand List dated October 1, 2013:

Name	Nature of Business	Valuation as of 10/01/13
Connecticut Light & Power	Utility	\$ 57,128,990
Dell Equipment Funding LP	Retail	32,887,790
Evergreen Walk Lifestyle Center	Real Estate	30,801,300
Federated Retail Holdings	Retailing/Distributor	14,912,140
FedEx Ground Package	Distribution	14,390,030
DST Realty	Real Estate	14,059,480
Town Center of South Windsor	Real Estate	13,057,600
Connecticut Water Company	Utility	11,711,590
Ticket Network	Retail	11,546,330
Evergreen Walk LLC	Real Estate	11,182,500
Total		<u>\$ 211,677,750 (1)</u>

(1) Represents 8.45% of the net taxable grand list of \$2,506,427,581.

Source: Town of South Windsor Assessor's Office.

Revenues

The Town derives its revenues from a direct tax levy on property, State and federal aid, various fees and charges, and certain miscellaneous sources. Town revenues are summarized for fiscal years ended 2010-2014 in "Statements of Revenues, Expenditures and Changes in Fund Balance - General Fund" herein. The prior year's appropriated surplus is also available to support current operating expenditures.

Property Tax Revenues

Fiscal Year	General Fund Revenues	Property Tax Revenues	Property Tax As a % of General Fund Revenues
2015 (Adopted Budget)	\$ 105,229,863	\$ 89,200,371	84.8
2014	110,615,994	86,482,924	78.2
2013	104,583,233	81,674,471	78.1
2012	101,752,531	79,552,717	78.2
2011	98,652,239	77,616,815	78.7
2010	96,675,371	75,463,071	78.1
2009	94,595,739	73,288,794	77.5
2008 (1)	108,461,737	69,340,563	63.9
2007	86,538,113	68,655,784	79.3
2006	82,301,954	64,738,560	78.7

(1) Includes one-time pass-through state funding for the teachers' retirement system pension liability in the amount of \$20,926,296 an increase of \$18,661,660.

Source: Annual audited financial statements, fiscal year 2014-15 adopted budget.

Intergovernmental Revenues

Fiscal Year	General Fund Revenues	State and Federal Aid	Aid As % of General Fund Revenue
2015 (Adopted Budget)	\$ 105,229,863	\$ 14,562,492	13.8
2014	110,615,994	22,758,513	20.6
2013	104,583,233	21,232,260	20.3
2012	101,752,531	20,555,762	20.2
2011	98,652,239	19,887,065	20.2
2010	96,675,371	19,905,819	20.6
2009	94,595,739	19,806,433	20.9
2008 (1)	108,461,737	35,885,450	33.1
2007	86,538,113	15,098,435	17.4
2006	82,301,954	15,159,936	18.4

(1) Includes one-time pass-through state funding for the teachers' retirement system pension liability in the amount of \$20,926,296 an increase of \$18,661,660.

Source: Annual audited financial statements, fiscal year 2014-15 adopted budget.

Expenditures

Fiscal Year	Board of Education %	Public Safety %	Public Works %	Insurance & Sundry %	Debt Service %	General Government %
2015 (Adopted Budget)	65.1	7.9	7.2	7.0	5.8	3.4
2014	69.4	7.1	6.2	6.1	5.0	3.1
2013	69.9	7.1	6.2	6.0	4.3	3.0
2012	69.5	7.2	6.4	5.7	4.8	3.0
2011	68.8	7.1	6.5	5.8	5.3	3.2
2010	69.2	6.7	7.6	5.6	5.2	3.3
2009	68.7	6.8	8.1	5.4	5.2	3.4
2008 (1)	73.8	6.0	7.0	4.1	4.2	2.9
2007	69.7	7.1	8.0	4.8	4.5	3.5
2006	68.8	7.0	8.5	4.7	4.8	3.7

(1) Includes one-time pass-through state funding for the teachers' retirement system pension liability in the amount of \$20,926,296 an increase of \$18,661,660.

Source: Annual audited financial statements, fiscal year 2014-15 adopted budget.

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

	Fiscal Year 2013-14			FY 2014-15
	Final Budget	Actual	Variance Favorable (Unfavorable)	Adopted Budget
REVENUES				
Property taxes	\$ 86,601,629	\$ 86,482,924	\$ (118,705)	\$ 89,200,371
Intergovernmental revenue	14,389,175	14,873,153	483,978	14,562,492
Charges for services	1,456,418	1,335,659	(120,759)	1,442,000
Interest income	25,000	38,898	13,898	25,000
TOTAL REVENUES	102,472,222	102,730,634	258,412	105,229,863
EXPENDITURES				
General government	3,558,830	3,394,582	164,248	3,575,309
Public safety	7,794,571	7,764,321	30,250	8,313,240
Public works	6,864,525	6,650,177	214,348	7,592,076
Human services	962,995	931,958	31,037	969,310
Culture and recreation	2,634,138	2,583,049	51,089	2,804,170
Education	68,123,940	67,773,113	350,827	68,555,567
Insurance and benefits	6,648,538	6,596,572	51,966	7,365,645
Other	30,000	23,924	6,076	-
Debt service	5,484,945	5,484,945	-	6,091,786
TOTAL EXPENDITURES	102,102,482	101,202,641	899,841	105,267,103
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES:	369,740	1,527,993	1,158,253	(37,240)
OTHER FINANCING SOURCES (USES):				
Appropriation of fund balance	400,000	-	(400,000)	1,000,000
Cancellation of prior years encumbrance	-	10,483	10,483	-
Operating transfers in	62,240	60,310	(1,930)	37,240
Operating transfers out	(831,980)	(831,980)	-	(1,000,000)
TOTAL OTHER FINANCING SOURCES (USES):	(369,740)	(761,187)	(391,447)	37,240
NET CHANGES IN FUND BALANCE	\$ -	\$ 766,806	\$ 766,806	\$ -

Source: Audited financials for fiscal year 2013-14 and fiscal year 2014-15 budget document.

Comparative Balance Sheets - General Fund

	<u>2010</u>	<u>2011 (1)</u>	<u>2012 (1)</u>	<u>2013 (1,2)</u>	<u>2014 (1,2)</u>
ASSETS					
Cash and cash equivalents	\$ 8,438,224	\$ 14,793,440	\$ 13,258,957	\$ 15,010,269	\$ 16,158,229
Receivables:					
Property taxes	2,383,536	2,412,957	2,357,383	2,543,256	2,866,477
Intergovernmental	2,024,813	517,024	123,439	200,421	8,599
Other	1,984,491	1,807,904	1,882,881	1,450,479	2,331,255
Due from other funds	997,454	1,120,229	2,781,908	3,729,481	754,517
Other assets	<u>24,839</u>	<u>4,836</u>	<u>135,863</u>	<u>17,508</u>	<u>18,722</u>
Total Assets	<u>\$ 15,853,357</u>	<u>\$ 20,656,390</u>	<u>\$ 20,540,431</u>	<u>\$ 22,951,414</u>	<u>\$ 22,137,799</u>
LIABILITIES DEFERRED INFLOWS OR RESOURCES AND FUND BALANCE					
Liabilities:					
Accounts payable and accrued liabilities	\$ 2,029,403	\$ 1,449,642	\$ 2,274,886	\$ 2,028,412	\$ 2,296,871
Due to other funds	2,995,503	8,400,285	9,191,820	10,128,835	8,114,699
Unearned revenue	-	-	-	106,203	-
Total liabilities	<u>5,024,906</u>	<u>9,849,927</u>	<u>11,466,706</u>	<u>12,263,450</u>	<u>10,411,570</u>
Deferred inflows of resources:					
Deferred revenue	5,137,362	4,429,339	4,020,388	-	-
Unavailable revenue - property taxes	-	-	-	3,785,889	4,674,166
Advance property tax collections	-	-	-	225,349	22,558
Total deferred inflows of resources	<u>5,137,362</u>	<u>4,429,339</u>	<u>4,020,388</u>	<u>4,011,238</u>	<u>4,696,724</u>
Fund balance:					
Nonspendable	-	4,836	135,863	17,508	18,722
Assigned	-	2,940,494	1,413,432	1,616,470	1,772,742
Unassigned	-	3,431,794	3,504,042	5,042,748	5,238,041
Reserved for encumbrances	416,571	-	-	-	-
Unreserved:					
Designated for subsequent years budget	800,000	-	-	-	-
Undesignated	<u>4,474,518</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>5,691,089</u>	<u>6,377,124</u>	<u>5,053,337</u>	<u>6,676,726</u>	<u>7,029,505</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 15,853,357</u>	<u>\$ 20,656,390</u>	<u>\$ 20,540,431</u>	<u>\$ 22,951,414</u>	<u>\$ 22,137,799</u>

(1) The June 30, 2011 fund balances are reported as per Governmental Accounting Standards Board ("GASB") Rule 54.

(2) As of June 30, 2013 assets and liabilities have been presented differently.

Source: Annual audited financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund
(GAAP Basis)

	2010	2011	2012	2013	2014
REVENUES					
Property taxes	\$ 75,463,071	\$ 77,616,815	\$ 79,552,717	\$ 81,674,471	\$ 86,482,924
Intergovernmental	19,905,819	19,887,065	20,555,762	21,232,260	22,758,513
Investment earnings	52,168	48,914	1,605,477	1,641,788	1,335,659
Charges for services	1,254,313	1,099,445	38,575	34,714	38,898
TOTAL REVENUES	96,675,371	98,652,239	101,752,531	104,583,233	110,615,994
EXPENDITURES					
Current:					
General government	3,112,219	3,139,276	3,043,533	3,113,808	3,348,175
Public safety	6,309,702	6,949,772	7,345,398	7,275,085	7,785,296
Public works	7,213,722	6,352,012	6,546,582	6,333,972	6,765,546
Human services	848,291	865,363	928,664	938,051	936,966
Culture and recreation	1,329,147	2,322,178	2,634,332	2,558,160	2,596,778
Education	65,415,184	66,904,426	70,996,075	71,405,984	6,630,836
Insurance and benefits	5,322,359	5,601,532	5,856,476	6,090,641	76,012,600
Debt Service	4,938,502	5,114,605	4,861,014	4,418,905	5,483,521
TOTAL EXPENDITURES	94,489,126	97,249,164	102,212,074	102,134,606	109,559,718
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,186,245	1,403,075	(459,543)	2,448,627	1,056,276
OTHER FINANCING SOURCES (USES)					
Premium on bonds issued	-	102,103	202,148	-	68,173
Issuance of leases	32,165	-	-	-	-
Operating transfers in	65,954	163,016	60,213	63,367	60,310
Operating transfers out	(1,914,045)	(982,159)	(1,126,605)	(888,605)	(831,980)
TOTAL OTHER FINANCING SOURCES (USES)	(1,815,926)	(717,040)	(864,244)	(825,238)	(703,497)
CHANGE IN FUND BALANCE	370,319	686,035	(1,323,787)	1,623,389	352,779
Fund Balance - Beginning of year	5,320,770	5,691,089	6,377,124	5,053,337	6,676,726
Fund Balance - End of year	<u>\$ 5,691,089</u>	<u>\$ 6,377,124</u>	<u>\$ 5,053,337</u>	<u>\$ 6,676,726</u>	<u>\$ 7,029,505</u>

Source: Annual audited financial statement.

SECTION VI – ADDITIONAL 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.

Legal Matters

Robinson & Cole LLP, Hartford, Connecticut is serving as bond counsel with respect to the authorization and issuance of the Bonds and the Notes and will render its opinion with respect to the Bonds and the Notes in substantially the form included in this Official Statement as Appendices B and C, respectively.

Financial Advisor

The Town has retained Independent Bond and Investment Consultants LLC ("IBIC LLC") of Madison, Connecticut, as financial advisor in connection with the issuance and sale of the Bonds and the Notes. Although IBIC LLC has assisted in the preparation of the Official Statement, IBIC LLC is not obligated to undertake, and has not undertaken to make, an independent verification of, nor do they assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. IBIC LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

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, (ii) notice of the occurrence of certain events within 10 days of the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreements to be executed in substantially the forms attached as Appendices D and E to this Official Statement.

The Town has previously undertaken in continuing disclosure agreements for the benefits 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, except for a failure to provide or to cross reference by February 28, 2011, 2012, 2013 and 2014 certain operating data for fiscal years June 30, 2010, 2011, 2012 and 2013 contained in the Town's official statements filed with the MSRB and applicable notices of the failure to provide such operating data. For fiscal year June 30, 2010, the operating data and a notice of failure to provide such operating data was submitted on April 28, 2014. For fiscal years June 30, 2011, 2012 and 2013 the operating data and a notice of failure to provide such operating data was submitted on January 27, 2015. The failure to cross reference or provide, as applicable, the operating data was an immaterial oversight by the Town. The Town is in the process of implementing procedures to ensure timely filing of future operating data with respect to its continuing disclosure agreements.

Documents Accompanying Delivery of the Bonds and the Notes

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

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened 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 and attached to a conformed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time the bids were accepted on the Bonds and the Notes, the description and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement;

3. Receipt for the purchase price of the Bonds and the Notes;
4. The approving opinions of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut; and
5. Executed continuing disclosure agreements for the Bonds and the Notes in substantially the form attached hereto as Appendices D and E, respectively; and
6. The Town will make available to the winning purchaser of the Bonds one hundred (100) copies and the winning purchaser of the Notes one hundred (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 financial 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, 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

Additional information concerning the Town and this issue may be obtained upon request from the office of the Town Manager at (860) 644-2511 or from Independent Bond and Investment Consultants LLC at (203) 245-7264.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds and the Notes.

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

TOWN OF SOUTH WINDSOR, CONNECTICUT

BY: / s / Matthew B. Galligan
Matthew B. Galligan
Town Manager

BY: / s / Barbara Pandiscia
Barbara Pandiscia
Town Treasurer

Dated: February 5, 2015

APPENDIX A - AUDITED FINANCIAL STATEMENTS

TOWN OF SOUTH WINDSOR, CONNECTICUT

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JUNE 30, 2014

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Appendix A - Financial Statements - is taken from the Annual Financial Report of the Town of South Windsor for the Fiscal Year ending June 30, 2014 as presented by the Auditors and does not include all of the schedules or management letter made in such report. A copy of the complete report is available upon request to the Town Manager, Town of South Windsor, Connecticut.



Accounting | Tax | Business Consulting

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, 2014, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of South Windsor, Connecticut, as of June 30, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A-3 through A-9, the budgetary comparison information on pages A-47 through A-52 and the schedules of changes in net pension liability and related ratios, employer contributions and investment returns - Pension Trust Funds on pages A-53 through A-57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 20, 2014

**TOWN OF SOUTH WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

This discussion and analysis of the Town of South Windsor, Connecticut's (the Town) financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2014. Please read this MD&A in conjunction with the Town's financial statements.

Financial Highlights

- Total net position of our governmental activities at the end of the fiscal year was \$135,438,251, an increase of \$2,179,422 or 1.6% over the previous fiscal year. Of the Town's total net position at June 30, 2014, \$15,658,845 is unrestricted and may be used to meet the operating needs of the Town.
- On a government wide basis, revenues totaled \$125,742,312 while expenses equaled \$123,562,890.
- Total cost of all of the Town's government programs was \$2,179,422 less than the generated revenues. No new programs were added this year.
- The Town bonded \$6,320,000 to permanently fund a \$1,100,000 project to make necessary improvements to the high school; \$1,750,000 for the Dry Pit Pump Station project; \$1,370,000 for various school projects, and \$2,100,000 for road and drainage improvement. In addition, the Town issued \$6,320,000 in Bond Anticipation Notes to provide temporary financing for school projects and road and drainage improvements.

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 two categories: governmental 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 \$133,258,829 to \$135,438,251. 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

	Governmental Activities	
	2014	2013
Current assets	\$ 33,042,144	\$ 31,824,454
Capital assets, net of accumulated depreciation	188,268,074	187,377,289
Total assets	<u>221,310,218</u>	<u>219,201,743</u>
Deferred outflows of resources	<u>1,286,248</u>	<u>1,111,569</u>
Long-term liabilities outstanding	12,628,417	12,091,075
Other liabilities	74,507,240	72,250,170
Total liabilities	<u>87,135,657</u>	<u>84,341,245</u>
Deferred inflows of resources	<u>22,558</u>	<u>2,713,238</u>
Net Position:		
Net investment in capital assets	119,779,406	117,808,001
Unrestricted	<u>15,658,845</u>	<u>15,450,828</u>
Total Net Position	<u>\$ 135,438,251</u>	<u>\$ 133,258,829</u>

TABLE 2
CHANGE IN NET POSITION

	Governmental Activities	
	2014	2013
Revenues:		
Program revenues:		
Charges for services	\$ 9,729,905	\$ 10,494,292
Operating grants and contributions	25,625,034	23,496,710
Capital grants and contributions	930,143	1,943,166
General revenues:		
Property taxes	87,371,201	81,643,855
Grants and contributions not restricted to specific purposes	1,929,166	1,515,179
Unrestricted investment earnings	156,863	130,745
Other general revenues		
Total revenues	<u>125,742,312</u>	<u>119,223,947</u>
Expenses:		
General government	4,744,705	4,834,624
Public safety	10,466,567	9,701,599
Public works	17,311,069	20,810,758
Human services	1,496,189	1,448,173
Culture and recreation	5,170,258	5,127,771
Education	82,765,300	79,644,193
Debt service	1,608,802	148,247
Total expenses	<u>123,562,890</u>	<u>121,715,365</u>
Increase (Decrease) in Net Position	<u>\$ 2,179,422</u>	<u>\$ (2,491,418)</u>

As noted above, total revenues were \$125,742,312 and the total cost of all programs and services was \$123,562,890. Our analysis below considers the operations of the fiscal year's governmental activities.

Governmental Activities

The Town's net position increased \$2,179,422 during the current fiscal year. 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, increased by \$208,017 at June 30, 2014. Key elements of this decrease are as follows:

- An increase in Property Taxes resulting from a 5.8% increase in budgeted current tax revenue over the 2013 Fiscal Year, the mill rate of 29.43 increased to 34.90 (18.59%), and the sale of the Town's tax liens at 100% of the outstanding taxes and accrued interest.
- A decrease in Public Works operating costs to maintain buildings, vehicles and equipment, and capital expenditures for roads, bridges, and the sewer treatment plant.

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.

**TABLE 3
GOVERNMENTAL ACTIVITIES**

	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
General government	\$ 4,744,705	\$ 4,834,624	\$ (3,130,112)	\$ (2,904,253)
Public safety	10,466,567	9,701,599	(10,290,314)	(9,462,133)
Public works	17,311,069	20,810,758	(11,862,093)	(14,148,580)
Human services	1,496,189	1,448,173	(1,299,584)	(1,279,924)
Culture and recreation	5,170,258	5,127,771	(3,498,898)	(3,319,594)
Education	82,765,300	79,644,193	(55,588,005)	(54,518,466)
Debt service	<u>1,608,802</u>	<u>148,247</u>	<u>(1,608,802)</u>	<u>(148,247)</u>
Total	\$ <u>123,562,890</u>	\$ <u>121,715,365</u>	\$ <u>(87,277,808)</u>	\$ <u>(85,781,197)</u>

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 \$11,554,136, inclusive of an unassigned fund balance of \$6,480,827.

The General Fund is the operating fund of the Town. Fund balance of the Town's General Fund increased by \$352,779 during the current fiscal year. At June 30, 2014, unassigned fund balance of the General Fund was \$5,238,041 while total fund balance was \$7,029,505.

The Town's collection rate in fiscal year 2014 was 98.6%, which is consistent with the collection rate over the past five fiscal years.

General Fund Budgetary Highlights

The approved Town budget (including education) for fiscal year 2013/2014 was \$102,934,462. Education expenses continued to be the largest component at 66.2%, followed by public safety at 7.5%, and public works at 6.6%.

The most significant variances between the final budget and actual expenditures were as follows:

- A positive variance of \$412,916 in the Municipal Revenue Sharing grants because receipts from the State exceeded the Town's budget.
- Positive variances of \$214,348 in the Public Works budgets due to a spending freeze instituted on December 9, 2013.
- A positive variance of \$350,827 in the Education budget due to cost containment efforts and the prefunding of pension and health insurance costs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Asset

At June 30, 2014, the Town had \$188,268,074 invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines - Table 4. This amount represents a net increase (including additions and deductions) of \$890,785 over last year.

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

- The Construction in Progress of the school, road, and drainage projects funded during the year by bonds and bond anticipation notes.
- Depreciation expense in the amount of \$5,647,074.

TABLE 4
CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities	
	2014	2013
Land	\$ 17,266,366	\$ 17,266,366
Buildings	67,067,597	68,748,773
Improvements other than buildings	13,848,135	13,190,266
Furniture and equipment	5,984,367	5,904,496
Infrastructure	75,079,653	76,875,453
Construction in progress	9,021,956	5,391,935
Total	<u>\$ 188,268,074</u>	<u>\$ 187,377,289</u>

Long-Term Debt

At June 30, 2014, the Town had \$60,102,027 in bonds and notes outstanding versus \$57,920,648 last year as shown in Table 5. The modest increase is due to the amount bonded, in the fiscal year, exceeding the amount paid to retire debt service.

TABLE 5
OUTSTANDING DEBT

	Governmental Activities	
	2014	2013
General Obligation Bonds and Notes	<u>\$ 60,102,027</u>	<u>\$ 57,920,648</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2014/2015 adopted budget for the General Fund is \$106,267,103, an increase of \$3,332,641 (3.24%). The Town's elected and appointed officials considered many factors when adopting the budget, including the following:

- **Economic Conditions** - The Town Council recognized that the economy was slowly rebounding and felt it was a good time to add back infrastructure expenditures previously cut in prior years, while still maintaining a reasonable increase in taxes. South Windsor is a business friendly municipality which works hard to attract new development projects.
- **Unemployment Rate** - The unemployment rate was projected to slightly improve during the 2014/2015 fiscal year. The State's rate was 6.4% at October 31, 2014, which was higher than the U.S. unemployment rate of 5.8%.
- **Town Assessments** - The grand list of real and personal property has grown by 3.12% over the past three years. This increase has a positive impact on the amount to be raised by taxes, in order to maintain the same level of service for Town residents.
- **Capital Projects** - The biggest impact to the budget was the \$832,000 increase in the capital improvement budget. This budget increased from \$167,980 in the 2013/2014 adopted budget to \$1,000,000. The goal was to re-establish a reasonable baseline following several years of steady reductions.

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 Matthew B. Galligan, Town Manager, Town of South Windsor, 1540 Sullivan Avenue, South Windsor, Connecticut 06074.

TOWN OF SOUTH WINDSOR, CONNECTICUT

STATEMENT OF NET POSITION

JUNE 30, 2014

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 23,069,796
Investments	76,324
Receivables, net	9,788,132
Inventory	42,155
Prepaid items	18,922
Other assets	26,215
Due from fiduciary funds	20,600
Capital assets not being depreciated	26,288,322
Capital assets being depreciated, net of accumulated depreciation	161,979,752
Total assets	<u>221,310,218</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	<u>1,286,248</u>
Liabilities:	
Accounts payable and accrued liabilities	5,089,752
Unearned revenue	1,218,665
Notes payable	6,320,000
Noncurrent liabilities:	
Due within one year	6,577,187
Due in more than one year	67,930,053
Total liabilities	<u>87,135,657</u>
Deferred Inflows of Resources:	
Advance property tax collections	<u>22,558</u>
Net Position:	
Net investment in capital assets	119,779,406
Unrestricted	<u>15,658,845</u>
Total Net Position	<u><u>\$ 135,438,251</u></u>

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, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 4,744,705	\$ 1,221,156	\$ 222,531	\$ 170,906	\$ (3,130,112)
Public safety	10,466,567	94,031	82,222		(10,290,314)
Public works	17,311,069	4,285,579	404,160	759,237	(11,862,093)
Human services	1,496,189	87,797	108,808		(1,299,584)
Culture and recreation	5,170,258	1,635,322	36,038		(3,498,898)
Education	82,765,300	2,406,020	24,771,275		(55,588,005)
Interest on long-term debt	1,608,802				(1,608,802)
Total	<u>\$ 123,562,890</u>	<u>\$ 9,729,905</u>	<u>\$ 25,625,034</u>	<u>\$ 930,143</u>	<u>(87,277,808)</u>
General revenues:					
Property taxes					87,371,201
Grants and contributions not restricted to specific programs					1,929,166
Unrestricted investment earnings					156,863
Total general revenues					<u>89,457,230</u>
Change in net position					2,179,422
Net Position at Beginning of Year					<u>133,258,829</u>
Net Position at End of Year					<u>\$ 135,438,251</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH WINDSOR, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2014

	General	Capital Projects Fund	Sewer Operating Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 16,158,229	\$	\$ 156,184	\$ 1,938,775	\$ 18,253,188
Investments				76,324	76,324
Receivables, net	5,206,331	3,687,324	583,842	293,544	9,771,041
Due from other funds	754,517	6,838,541		1,276,158	8,869,216
Other assets	18,722			42,355	61,077
Total Assets	<u>\$ 22,137,799</u>	<u>\$ 10,525,865</u>	<u>\$ 740,026</u>	<u>\$ 3,627,156</u>	<u>\$ 37,030,846</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 2,296,871	\$ 899,193	\$ 208,675	\$ 404,124	\$ 3,808,863
Due to other funds	8,114,699		130,232	603,685	8,848,616
Notes payable		6,320,000			6,320,000
Unearned revenue		53,088		1,165,577	1,218,665
Total liabilities	<u>10,411,570</u>	<u>7,272,281</u>	<u>338,907</u>	<u>2,173,386</u>	<u>20,196,144</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	4,674,166				4,674,166
Unavailable revenue - sewer use			583,842		583,842
Advance property tax collections	22,558				22,558
Total deferred inflows of resources	<u>4,696,724</u>	<u>-</u>	<u>583,842</u>	<u>-</u>	<u>5,280,566</u>
Fund balances:					
Nonspendable	18,722			42,355	61,077
Restricted				836,513	836,513
Committed		3,253,584		674,819	3,928,403
Assigned	1,772,742				1,772,742
Unassigned	5,238,041		(182,723)	(99,917)	4,955,401
Total fund balances	<u>7,029,505</u>	<u>3,253,584</u>	<u>(182,723)</u>	<u>1,453,770</u>	<u>11,554,136</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 22,137,799</u>	<u>\$ 10,525,865</u>	<u>\$ 740,026</u>	<u>\$ 3,627,156</u>	<u>\$ 37,030,846</u>

(Continued on next page)

TOWN OF SOUTH WINDSOR, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2014

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	\$	11,554,136
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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	\$	325,331,661	
Less accumulated depreciation		<u>(137,063,587)</u>	
Net capital assets			188,268,074

Deferred inflows 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	2,576,843
Interest receivable on property taxes	2,097,323
Assessments and user fee receivable	548,771
Interest receivable on assessments and user fees	35,071
Net OPEB asset	26,215

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

3,904,699

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

Net pension obligation	(3,413,482)
Bonds and notes payable	(60,102,027)
Interest payable on bonds and notes	(351,889)
Compensated absences	(7,691,930)
Capital lease	(1,542,849)
Unamortized bond premium	(1,756,952)
Deferred charge on refunding	<u>1,286,248</u>

Net Position of Governmental Activities (Exhibit I)	\$	<u><u>135,438,251</u></u>
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The accompanying notes are an integral part of the financial statementu

TOWN OF SOUTH WINDSOR, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	General	Capital Projects Fund	Sewer Operating Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 86,482,924	\$	\$	\$	\$ 86,482,924
Intergovernmental	22,758,513	949,459		4,483,614	28,191,586
Charges for services	1,335,659	35,030	4,054,356	4,207,391	9,632,436
Investment earnings	38,898		98,763	13,294	150,955
Miscellaneous				288,393	288,393
Total revenues	<u>110,615,994</u>	<u>984,489</u>	<u>4,153,119</u>	<u>8,992,692</u>	<u>124,746,294</u>
Expenditures:					
Current:					
General government	3,348,175			90,375	3,438,550
Public safety	7,785,296			204,259	7,989,555
Public works	6,765,546		3,488,039	422,101	10,675,686
Human services	936,966			153,783	1,090,749
Culture and recreation	2,596,778			1,848,927	4,445,705
Insurance and sundry	6,630,836				6,630,836
Education	76,012,600			6,354,410	82,367,010
Debt service	5,483,521	114,914			5,598,435
Capital outlay		7,780,265			7,780,265
Total expenditures	<u>109,559,718</u>	<u>7,895,179</u>	<u>3,488,039</u>	<u>9,073,855</u>	<u>130,016,791</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,056,276</u>	<u>(6,910,690)</u>	<u>665,080</u>	<u>(81,163)</u>	<u>(5,270,497)</u>
Other Financing Sources (Uses):					
Issuance of general obligation bonds		6,320,000			6,320,000
Issuance of refunding bonds		6,615,000			6,615,000
Payments to bond escrow		(7,163,837)			(7,163,837)
Issuance of capital lease		480,552			480,552
Premium on bond issuance	68,173	663,751			731,924
Transfers in	60,310	1,100,379	23,000		1,183,689
Transfers out	(831,980)		(969,639)	(46,070)	(1,847,689)
Total other financing sources (uses)	<u>(703,497)</u>	<u>8,015,845</u>	<u>(946,639)</u>	<u>(46,070)</u>	<u>6,319,639</u>
Net Change in Fund Balances	352,779	1,105,155	(281,559)	(127,233)	1,049,142
Fund Balances at Beginning of Year	<u>6,676,726</u>	<u>2,148,429</u>	<u>98,836</u>	<u>1,581,003</u>	<u>10,504,994</u>
Fund Balances at End of Year	<u>\$ 7,029,505</u>	<u>\$ 3,253,584</u>	<u>\$ (182,723)</u>	<u>\$ 1,453,770</u>	<u>\$ 11,554,136</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, 2014

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)	\$ 1,049,142
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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	6,543,463
Depreciation expense	(5,647,074)

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.

(5,604)

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	193,450
Property tax interest and lien revenue - accrual basis change	694,827
Sewer user fees and assessment receivable - accrual basis change	98,714
Sewer user fees and assessment interest receivable - accrual basis change	3,119

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	2,550,000
Note payments	1,308,621
Issuance of bonds and notes	(6,320,000)
Issuance of refunding bonds	(6,615,000)
Premium on bonds	(68,172)
Capital lease payments	345,920
Issuance of capital lease	(480,552)
Payments to escrow agent	7,163,837
Premium on bonds refunded	(663,751)

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	(129,816)
Accrued interest	8,393
Amortization of deferred charge on refunding	(94,158)
Amortization of bond premiums	221,963
Amortization of other costs	(351,106)
Net pension expense	662,399
Net OPEB expense	62,533

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.

1,648,274

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 2,179,422</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, 2014

	<u>Governmental Activities Internal Service Fund</u>
Assets:	
Cash and cash equivalents	\$ 4,816,608
Accounts receivable	<u>17,091</u>
Total assets	<u>4,833,699</u>
Liabilities:	
Accounts and other payables	<u>929,000</u>
Net Position:	
Unrestricted	\$ <u><u>3,904,699</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, 2014

	<u>Governmental Activities Internal Service Fund</u>
Operating Revenues:	
Charges for services	\$ 16,180,965
Operating Expenses:	
Employee benefits	<u>15,202,599</u>
Operating Income	978,366
Nonoperating Revenue:	
Income on investments	<u>5,908</u>
Income Before Transfers	984,274
Transfer In	<u>664,000</u>
Change in Net Position	1,648,274
Net Position at Beginning of Year	<u>2,256,425</u>
Net Position at End of Year	\$ <u><u>3,904,699</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, 2014

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities:	
Cash received from premiums - Town departments and agencies	\$ 16,180,965
Claims paid	(15,160,329)
Net cash provided by operating activities	<u>1,020,636</u>
Cash Flows from Noncapital Financing Activities:	
Contributions from other funds	664,000
Cash Flows from Investing Activities:	
Income from investments	<u>5,908</u>
Net Increase in Cash and Cash Equivalents	1,690,544
Cash and Cash Equivalents at Beginning of Year	<u>3,126,064</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 4,816,608</u></u>
Reconciliation of Operating Income to Net Cash Used in	
Operating Activities:	
Operating income	\$ <u>978,366</u>
Adjustments to reconcile operating loss to net cash used in	
operating activities:	
Increase in accounts receivable	(17,091)
Decrease in accounts and other payables	<u>59,361</u>
Total adjustments	<u>42,270</u>
Net Cash Provided by Operating Activities	<u><u>\$ 1,020,636</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH WINDSOR, CONNECTICUT

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

JUNE 30, 2014

	Pension Trust Funds	Other Post Employment Benefit Trust Fund	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$	\$ 1,155,882	\$ 1,349,540
Investments:			
Mutual funds	34,773,423		
Accounts receivable			2,177
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>34,773,423</u>	<u>1,155,882</u>	<u>\$ 1,351,717</u>
Liabilities:			
Accounts payable and due to others			\$ 1,351,717
Due to other funds		20,600	
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>20,600</u>	<u>\$ 1,351,717</u>
Net Position:			
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 34,773,423</u>	<u>\$ 1,135,282</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH WINDSOR, CONNECTICUT

**STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
PENSION TRUST FUND AND OTHER POST EMPLOYMENT BENEFIT TRUST FUND**

FOR THE YEAR ENDED JUNE 30, 2014

	Pension Trust Funds	Other Post Employment Benefit Trust Fund
	<hr/>	<hr/>
Additions:		
Contributions:		
Employer	\$ 2,790,348	\$ 927,000
Plan members	555,619	
Total contributions	<hr/> 3,345,967 <hr/>	<hr/> 927,000 <hr/>
Investment earnings:		
Net appreciation in fair value of investments	<hr/> 4,960,150 <hr/>	
Total additions	<hr/> 8,306,117 <hr/>	<hr/> 928,947 <hr/>
Deductions:		
Benefits	2,335,969	664,000
Administration	<hr/> 119,300 <hr/>	<hr/> 21,650 <hr/>
Total deductions	<hr/> 2,455,269 <hr/>	<hr/> 685,650 <hr/>
Change in Net Position	5,850,848	243,297
Net Position - Beginning of Year, as Restated	<hr/> 28,922,575 <hr/>	<hr/> 891,985 <hr/>
Net Position - End of Year	\$ <hr/> 34,773,423 <hr/>	\$ <hr/> 1,135,282 <hr/>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

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.

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.

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

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

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

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 is sewer assessments and use charges.

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 Trust Funds* account for the activities of the South Windsor Employees' Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The *Other Post Employment Benefit Trust Fund* accounts for the accumulated resources and payments associated with both Town and Board of Education health insurance benefits to former qualified employees.

The *Agency Funds* account for monies held on behalf of students and amounts held for performance related activities.

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.

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.

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 estimated fair market value at the date of donation.

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

Property, plant and equipment 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 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.

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. 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. 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. 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.

K. Fund Equity

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

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

Restricted Net Position - 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.

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.

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 and Sewer Operating 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.
- 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 Sewer Operating Fund and Recreation Fund had a fund balance deficit as of June 30, 2014 in the amount of \$182,723 and \$78,349, respectively. This deficit will be funded with future charges for services.

C. Budget Overruns

The sewer operating fund had the following lines over budget: overtime, \$42,483, maintenance contracts, \$28,544, other purchase services \$43,404, and debt service \$2,227.

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

Deposits

Deposit Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Town’s 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, \$24,601,984 of the Town’s bank balance of \$26,410,950 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 13,564,983
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>11,037,001</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 24,601,984</u>

Cash Equivalents

At June 30, 2014, the Town's cash equivalents amounted to \$1,697,162. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	Standard & Poor's
State Short-Term Investment Fund (STIF)	AAAm
Cutwater Asset Management	AAAm

Investments

Investments as of June 30, 2014 in all funds are as follows:

Investment Type	Fair Value
Mutual funds	\$ 34,773,423

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, 2014, 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.

4. RECEIVABLES

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

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Operating Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Interest	\$ 2,516,251	\$	\$ 35,071	\$	\$ 2,551,322
Taxes	3,722,700				3,722,700
Accounts	233,932	55,477	544,101	34,711	868,221
Intergovernmental	8,599	3,631,847		278,101	3,918,547
Special assessments			4,670		4,670
Gross receivables	<u>6,481,482</u>	<u>3,687,324</u>	<u>583,842</u>	<u>312,812</u>	<u>11,065,460</u>
Less allowance for uncollectibles:					
Taxes	(856,223)				(856,223)
Accrued interest on taxes	<u>(418,928)</u>				<u>(418,928)</u>
Net Total Receivables	<u>\$ 5,206,331</u>	<u>\$ 3,687,324</u>	<u>\$ 583,842</u>	<u>\$ 312,812</u>	<u>\$ 9,790,309</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 17,266,366	\$	\$	\$ 17,266,366
Construction in progress	5,391,935	4,001,077	(371,056)	9,021,956
Total capital assets not being depreciated	<u>22,658,301</u>	<u>4,001,077</u>	<u>(371,056)</u>	<u>26,288,322</u>
Capital assets being depreciated:				
Buildings	127,851,704			127,851,704
Improvements other than buildings	19,915,893	1,204,218		21,120,111
Furniture and equipment	16,548,814	1,248,411	(170,563)	17,626,662
Infrastructure	131,984,049	460,813		132,444,862
Total capital assets being depreciated	<u>296,300,460</u>	<u>2,913,442</u>	<u>(170,563)</u>	<u>299,043,339</u>
Less accumulated depreciation for:				
Buildings	(59,102,931)	(1,681,176)		(60,784,107)
Improvements other than buildings	(6,725,627)	(546,349)		(7,271,976)
Furniture and equipment	(10,644,318)	(1,162,936)	164,959	(11,642,295)
Infrastructure	(55,108,596)	(2,256,613)		(57,365,209)
Total accumulated depreciation	<u>(131,581,472)</u>	<u>(5,647,074)</u>	<u>164,959</u>	<u>(137,063,587)</u>
Total capital assets being depreciated, net	<u>164,718,988</u>	<u>(2,733,632)</u>	<u>(5,604)</u>	<u>161,979,752</u>
Governmental Activities Capital Assets, Net	<u>\$ 187,377,289</u>	<u>\$ 1,267,445</u>	<u>\$ (376,660)</u>	<u>\$ 188,268,074</u>

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

Governmental activities:		
General Government	\$	126,629
Public Safety		594,743
Public Works		2,799,648
Culture and recreation		354,594
Human Services		17,826
Education		1,753,634
		<hr/>
Total Depreciation Expense - Governmental Activities	\$	<u>5,647,074</u>

Construction Commitments

The Town has active construction projects as of June 30, 2014. At year end, the Town's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Orchard Hill SRTS	\$ 244,815	\$ 34,532
Road Improvement Projects	4,804,692	1,161,033
School Roof Replacements	977,077	532,593

The commitments are being financed by General Fund appropriations, permanent financing and participation in the State's Clean Water Fund Program.

6. INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, transactions were processed through the General Fund on behalf of other funds. A summary of interfund balances as of June 30, 2014 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 603,685
General Fund	Sewer Fund	130,232
Capital Projects Funds	General Fund	6,838,541
General Fund	Fiduciary Fund	20,600
Nonmajor Governmental Funds	General Fund	1,276,158
		<hr/>
Total		\$ <u>8,869,216</u>

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

Interfund transfers:

	Transfers In				Total
	General Fund	Capital Projects	Sewer Operating	Internal Service	Transfers Out
Transfers out:					
General Fund	\$	\$ 167,980	\$	\$ 664,000	\$ 831,980
Sewer Assessment	37,240	932,399			969,639
Nonmajor Governmental	23,070		23,000		46,070
Total Transfers In	<u>\$ 60,310</u>	<u>\$ 1,100,379</u>	<u>\$ 23,000</u>	<u>\$ 664,000</u>	<u>\$ 1,847,689</u>

Transfers are for regularly reoccurring operational transactions.

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

A schedule of long-term liabilities outstanding at June 30, 2014 is presented below:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
Bonds and notes payable	\$ 57,920,648	\$ 12,935,000	\$ (10,753,621)	\$ 60,102,027	\$ 4,365,035
Premiums	1,246,992	731,923	(221,963)	1,756,952	
	<u>59,167,640</u>	<u>13,666,923</u>	<u>(10,975,584)</u>	<u>61,858,979</u>	<u>4,365,035</u>
Capital leases	1,408,217	480,552	(345,920)	1,542,849	348,454
Compensated absences	7,562,114	150,685	(20,869)	7,691,930	1,863,698
Net OPEB obligation	36,318		(36,318)	-	
Net pension obligation	<u>4,075,881</u>		<u>(662,399)</u>	<u>3,413,482</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 72,250,170</u>	<u>\$ 14,298,160</u>	<u>\$ (12,041,090)</u>	<u>\$ 74,507,240</u>	<u>\$ 6,577,187</u>

Bonds and notes payable at June 30, 2014 comprise the following:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2014
General Purpose:					
Refunding bond	6/4/2008	3/15/2015	1.85-1.99%	\$ 1,486,700	\$ 189,000
Refunding bond	5/12/2009	9/1/2018	3.0-5.0%	2,478,000	309,000
Improvement bond	2/22/2011	2/15/2031	4.0-5.0%	9,650,000	1,000,000
Refunding bond	3/13/2012	8/1/2025	2.0-4.0%	15,185,000	15,185,000
Improvement bond	2/15/2012	2/15/2022	1.0-2.0%	2,000,000	1,600,000
Improvement bond	2/19/2014	2/15/2034	2.0-5.0%	2,100,000	2,100,000
Refunding bond	6/4/2014	8/15/2022	2.0-5.0%	4,222,000	4,222,000
Schools:					
Refunding bond	6/4/2008	3/15/2015	1.85-1.99%	3,823,300	161,000
Improvement bond	2/15/2009	2/15/2024	3.00-5.00%	4,820,000	700,000
Refunding bond	5/12/2009	9/1/2018	3.0-5.0%	6,897,000	866,000
Improvement bond	2/19/2014	2/15/2034	2.0-5.0%	2,470,000	2,470,000
Refunding bond	6/4/2014	8/15/2022	2.0-5.0%	2,393,000	2,393,000
Sewer:					
Clean Water Note Vernon wastewater treatment plant upgrade	1/1/2002	7/1/2021	2%	800,000	314,103
	12/31/1997	12/31/2016	2%	482,056	70,639
Clean Water Note Pleasant Valley	11/30/2005	5/31/2025	2%	402,727	237,357
Clean Water Note Submersible pump station	12/28/2006	7/1/2026	2%	1,568,029	1,011,518
Clean Water Note	10/31/2012	12/30/2032	2%	27,516,583	25,523,410
Improvement bond	2/19/2014	2/15/2034	2.0-5.0%	1,750,000	1,750,000
Total					\$ <u>60,102,027</u>

The following is a schedule of future debt service requirements as of June 30, 2014:

Fiscal Year Ending	Principal Payments	Interest Payments	Total Debt Service
2015	\$ 4,365,035	\$ 1,546,547	\$ 5,911,582
2016	4,366,982	1,495,137	5,862,119
2017	4,764,916	1,333,757	6,098,673
2018	3,532,966	1,196,437	4,729,403
2019	3,420,981	1,101,622	4,522,603
2020-2024	16,845,949	3,992,653	20,838,602
2025-2029	14,486,650	1,945,542	16,432,192
2030-2034	8,318,548	438,862	8,757,410
	<u>\$ 60,102,027</u>	<u>\$ 13,050,557</u>	<u>\$ 73,152,584</u>

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

The Town issued \$6,320,000 of general obligation bonds on February 11, 2014 for various capital improvement projects.

General Obligation Bonds - Advance Refunding 2014

On June 4, 2014, the Town issued \$6,615,000 in general obligation bonds, with an average interest rate of 4.00% to refund outstanding bonds with an average rate of 4.00%. The bonds refunded were as follows: \$1,495,000 of outstanding 2009 Series A refunding bonds, \$1,900,000 of outstanding 2009 Series B refunding bonds and \$3,500,000 of outstanding 2011 general obligation bonds. The net proceeds of \$7,163,837 (after payment of issuance costs of \$75,224) 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 States of America to provide all future debt service payments on the refunded bonds. The refunded bonds are 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 \$238,777 and a present value savings of \$205,080.

The Town has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2014, \$6,895,000 of the defeased debt is outstanding.

General Obligation Bonds - Advance Refunding

In prior years, the Town defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2014, \$4,150,000 of the defeased debt is outstanding and \$4,487,111 is the balance remaining in escrow.

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:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 194,029,931	\$ 24,608,082	\$ 169,421,849
Schools	388,059,863	6,590,000	381,469,863
Sewers	323,383,219	40,630,439	282,752,780
Urban renewal	280,265,456		280,265,456
Pension deficit	258,706,575		258,706,575

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$603,648,675.

Authorized and unissued debt is as follows:

	<u>Authorized</u>	<u>Bonds and BANS Issued</u>	<u>Grants</u>	<u>Authorized but Unissued Debt</u>
Water Pollution Control Facility	\$ 47,000,000	\$ 27,516,583	\$ 7,760,005	\$ 11,723,412
Storm Albert Debris Management and Removal Services	8,000,000	3,220,000	4,776,918	3,082

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	\$ 2,928,104
Accumulated depreciation	<u>(628,223)</u>
Net Leased Equipment	<u>\$ 2,299,881</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, 2014:

<u>Fiscal Year</u>	<u>Amount</u>
2015	\$ 407,716
2016	346,909
2017	337,287
2018	225,077
2019	186,003
2020-2024	217,770
Less amount representing interest	<u>(177,913)</u>
Present Value of Minimum Lease Payments	<u>\$ 1,542,849</u>

Bond Anticipation Notes

The Town issued bond anticipation notes on February 19, 2014 maturing on February 18, 2015 for \$6,320,000. The current interest rate on the notes is 1.00% 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, 2014:

<u>Project</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance 7/1/2013</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 6/30/2014</u>
South Windsor High							
School Improvements	2/20/2013	2/19/2014	1.25%	\$ 1,100,000	\$	\$ (1,100,000)	\$ -
Dry Pit Pump Stations Projects	2/20/2013	2/19/2014	1.25%	1,750,000		(1,750,000)	-
Storm Alfred Debris							
Management and Removal	2/20/2013	2/19/2014	1.25%	1,220,000		(1,220,000)	-
Various School Projects	2/20/2013	2/19/2014	1.25%	3,935,000		(3,935,000)	-
Various School Projects	2/19/2014	2/18/2015	1.00%		4,420,000		4,420,000
Road and Drainage Improvements	2/20/2013	2/19/2014	1.25%	2,100,000		(2,100,000)	-
Road and Drainage Improvements	2/19/2014	2/18/2015	1.00%		1,900,000		1,900,000
Total				<u>\$ 10,105,000</u>	<u>\$ 6,320,000</u>	<u>\$ (10,105,000)</u>	<u>\$ 6,320,000</u>

8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Pension Trust Fund

A. Plan Description

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 January 1, 2014, the plans' membership consisted of:

	Town Plan	Board of Education Plan
Retirees and beneficiaries currently receiving benefits	94	58
Terminated members entitled to benefits but not yet receiving them	5	15
Inactive participants	16	6
Current active members	73	82
Total	188	161

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.

Board of Education 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. Employees are 100% vested after completing five years of continuous service.

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 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 PERS Board by a majority vote of its members. It is the policy of the PERS Board 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, 2014:

<u>Asset Class</u>	<u>Targeted Allocation</u>	
	<u>Town</u>	<u>Board of Education</u>
Insurance company general account	5%	4%
Insurance company pooled separate account	1%	1%
Cash & equivalents	2%	8%
Equity mutual funds	61%	59%
Bond mutual funds	31%	28%

Rate of Return

For the year ended June 30, 2014, 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 16.37% and 16.90%, 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 of the Town

In accordance with GASB No. 67, the components of the net pension liability of the Town and Board of Education plans at June 30, 2014, were as follows:

	<u>Town</u>	<u>Board of Education</u>
Total pension liability	\$ 36,193,548	\$ 12,627,232
Plan fiduciary net position	<u>22,654,346</u>	<u>12,119,077</u>
Net Pension Liability	<u>\$ 13,539,202</u>	<u>\$ 508,155</u>
Plan fiduciary net position as a percentage of the total pension liability	63%	96%

The Town's net pension liability will be required to be recorded on the government-wide statement of net position at June 30, 2015.

Actuarial Assumptions

The total pension liability for the Town and Board of Education plans were determined by an actuarial valuation as of January 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5%
Salary increases	3.0%, average, including inflation
Investment rate of return	6.98% and 7.50% for the Town and Board of Education, respectively, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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, 2014 (see the discussion of the pension plan's investment policy) was 7.50%.

Discount Rate:

The discount rate used to measure the total pension liability for the Town and Board of Education plans was 6.98% and 7.50%, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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.

The discount rate for the Town and Board of Education plans was adjusted as of June 30, 2014 from 8.0% to 6.98% and 7.50%, respectively. This adjustment was the result of bringing the discount rates in accordance with GASB Statement No. 67.

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 6.98% and 7.50%, respectively, 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 (5.98% and 6.50%, respectively) or 1 percentage point higher (7.98% and 8.50%, respectively) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Town's Net Pension Liability	\$ 17,238,184	\$ 13,539,202	\$ 10,183,205
Board of Education's Net Pension (Asset) Liability	1,676,174	508,155	(560,970)

F. Annual Pension Cost and Net Pension Obligations

The Town's annual pension cost and net pension obligation to the Town's Retirement System for the current year were as follows:

	<u>Town</u>	<u>Board of Education</u>
Annual required contribution	\$ 1,686,734	\$ 450,378
Interest on net pension obligation	251,914	74,156
Adjustment to annual required contribution	(258,993)	(76,240)
Annual pension cost	1,679,655	448,294
Contributions made	1,867,793	922,555
Decrease in net pension obligation	(188,138)	(474,261)
Net Pension Obligation, Beginning of Year	3,148,925	926,956
Net Pension Obligation, End of Year	\$ <u>2,960,787</u>	\$ <u>452,695</u>

G. Trend Information

Town Pension Plan				
Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
6/30/09	\$ 1,216,274	\$ 826,338	67.9%	\$ 2,100,033
6/30/10	1,568,913	963,169	61.4	2,705,777
6/30/11	1,494,889	1,278,427	85.5	2,922,239
6/30/12	1,576,927	1,343,147	85.2	3,156,019
6/30/13	1,690,900	1,697,994	100.4	3,148,925
6/30/14	1,679,655	1,867,793	111.2	2,960,787

Board of Education Plan				
Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
6/30/09	\$ 427,013	\$ 354,000	82.9%	\$ 1,098,712
6/30/10	520,295	432,575	83.1	1,186,432
6/30/11	484,390	407,333	84.1	1,263,489
6/30/12	478,466	752,056	157.2	1,004,214
6/30/13	441,030	518,288	117.5	926,956
6/30/14	448,294	955,255	213.1	452,695

H. Pension Plan Required Supplementary Information

Schedule of Funding Progress

Town Pension Plan						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
1/1/08	\$ 13,426,371	\$ 21,185,349	\$ (7,758,978)	63.4%	\$ 4,962,230	(156.4)%
1/1/09	12,424,948	23,350,652	(10,925,704)	53.2	5,239,328	(208.5)
1/1/10	14,433,589	24,622,308	(10,188,719)	58.6	5,427,342	(187.7)
1/1/11	15,778,240	26,743,578	(10,965,338)	59.0	5,337,789	(205.4)
1/1/12	17,001,457	29,038,451	(12,036,994)	58.5	5,352,711	(224.9)
1/1/13	18,502,417	31,008,924	(12,506,507)	59.7	4,749,846	(263.3)

Board of Education						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
1/1/08	\$ 7,209,802	\$ 7,697,888	\$ (488,086)	93.7%	\$ 3,321,753	(14.7)%
1/1/09	6,670,839	8,534,681	(1,863,842)	78.2	3,512,067	(53.1)
1/1/10	7,867,409	9,162,890	(1,295,481)	85.8	3,652,821	(35.5)
1/1/11	8,394,835	9,941,840	(1,547,005)	84.4	3,419,019	(45.2)
1/1/12	9,116,329	10,655,240	(1,538,911)	85.6	3,012,321	(51.1)
1/1/13	9,688,718	11,326,679	(1,637,961)	85.5	3,058,477	(53.6)

I. Combining Statements

Schedule of Plan Assets

	<u>Town Plan</u>	<u>Board of Education Plan</u>	<u>Total</u>
Assets:			
Investments, at fair value:			
Mutual funds	\$ <u>22,654,346</u>	\$ <u>12,119,077</u>	\$ <u>34,773,423</u>
Net Position Held in Trust for Pension Benefits	\$ <u><u>22,654,346</u></u>	\$ <u><u>12,119,077</u></u>	\$ <u><u>34,773,423</u></u>

Schedule of Changes in Plan Net Assets

	<u>Town Plan</u>	<u>Board of Education Plan</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ <u>1,867,793</u>	\$ <u>922,555</u>	\$ <u>2,790,348</u>
Employee	<u>357,692</u>	<u>197,927</u>	<u>555,619</u>
Total contributions	<u>2,225,485</u>	<u>1,120,482</u>	<u>3,345,967</u>
Investment income:			
Net investment gains	<u>3,279,002</u>	<u>1,681,148</u>	<u>4,960,150</u>
Total additions	<u>5,504,487</u>	<u>2,801,630</u>	<u>8,306,117</u>
Deductions:			
Benefits	<u>1,680,365</u>	<u>655,604</u>	<u>2,335,969</u>
Administration	<u>75,832</u>	<u>43,468</u>	<u>119,300</u>
Total deductions	<u>1,756,197</u>	<u>699,072</u>	<u>2,455,269</u>
Changes in Net Position	<u>3,748,290</u>	<u>2,102,558</u>	<u>5,850,848</u>
Net Position - July 1, 2013, As Restated	<u>18,906,056</u>	<u>10,016,519</u>	<u>28,922,575</u>
Net Position - June 30, 2014	\$ <u><u>22,654,346</u></u>	\$ <u><u>12,119,077</u></u>	\$ <u><u>34,773,423</u></u>

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.

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, 2014 for these groups was \$44,316 and represented 6.0% of covered payroll. The employees' contributions were \$50,590 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, 2014 for this group was \$324,738 and represented 12.07% of covered payroll. The employees' required contributions were \$121,070 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.

E. Teachers' Retirement

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

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$31,873,528 or 58.8% of the total Board of Education total payroll of \$54,157,747.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. The Town does not have any liability for teacher pensions. For the year ended June 30, 2014, the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$7,885,360 as payments made by the State of Connecticut on behalf of the Town.

The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

9. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2014 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	\$	\$	\$	\$ 42,355	\$ 42,355
Prepaid items	18,722				18,722
Restricted for:					
Education				16,242	16,242
Public safety				128,869	128,869
Public works				236,507	236,507
Health and welfare				454,895	454,895
Committed to:					
General government		1,525,426		332,662	1,858,088
Public safety				26,219	26,219
Public works		1,728,158			1,728,158
Culture and recreation				165,575	165,575
Education				150,363	150,363
Assigned to:					
Subsequent year's budget	1,000,000				1,000,000
General government	64,559				64,559
Public safety	7,641				7,641
Public works	12,259				12,259
Health and welfare	1,498				1,498
Culture and recreation	4,128				4,128
Education	682,657				682,657
Unassigned	<u>5,238,041</u>	<u></u>	<u>(182,723)</u>	<u>(99,917)</u>	<u>4,955,401</u>
Total Fund Balances	<u>\$ 7,029,505</u>	<u>\$ 3,253,584</u>	<u>\$ (182,723)</u>	<u>\$ 1,453,770</u>	<u>\$ 11,554,136</u>

Encumbrances of \$772,742 are contained in the above table in the assigned categories of the General Fund and \$27,402 and \$8,403 in the committed category of the Sewer Operating fund and non major governmental funds, respectively.

10. 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.

A third party administers the medical insurance plan for which the Town pays a fee. The Town has purchased a stop loss policy for total claims in any one year exceeding an aggregate of 120% of expected claims and for individual claims exceeding \$150,000.

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

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

	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
Medical Insurance Fund:				
2012-2013	\$ 988,327	\$ 14,721,247	\$ 14,839,935	\$ 869,639
2013-2014	869,639	15,202,599	15,143,238	929,000

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 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.

11. OTHER POSTEMPLOYMENT BENEFITS

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.

At July 1, 2013, plan membership consisted of the following:

Active members	844
Retired members	65
Spouses of retired members	<u>27</u>
Total Participants	<u><u>936</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 are 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 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.

Annual OPEB Cost and Net OPEB Obligations

The Town's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation (asset):

Annual required contribution (ARC)	\$ 864,000
Interest on OPEB obligation	2,905
Adjustment to annual required contribution	<u>(2,438)</u>
Annual OPEB cost	864,467
Contributions made	<u>927,000</u>
Decrease in net OPEB obligation	(62,533)
Net OPEB obligation, beginning of year	<u>36,318</u>
Net OPEB Asset, End of Year	\$ <u><u>(26,215)</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2014 is presented below:

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
6/30/2012	\$ 699,903	\$ 658,000	94%	\$ 35,799
6/30/2013	864,519	864,000	99	36,318
6/30/2014	864,467	927,000	107	(26,215)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. The following schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2009	\$ -	\$ 5,906,000	\$ 5,906,000	0.0%	N/A	N/A
7/1/2011	488,000	8,021,000	7,533,000	6.1	N/A	N/A
7/1/2013	839,000	9510,000	8,671,000	8.8	51,316,000	16.9%

Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution	Percentage Contributed
6/30/2012	\$ 700,000	94%
6/30/2013	864,000	100%
6/30/2014	864,000	107%

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 cost 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, 2013 actuarial valuation, the projected unit credit actuarial cost method was used with level percentage amortization over 25 years for police and 30 years for all other employees. The actuarial assumptions include a 7.5% rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date.

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. RESTATEMENT

The Pension Trust Funds beginning net position was restated to change its fiscal year end date from December 31 to June 30 due to the implementation of the new pension standards. The impact of this restatement on the Pension Trust Funds net position is as follows:

Beginning Net Position, as reported - December 31, 2012	\$ 28,528,489
Restatement	<u>394,086</u>
Beginning Net Position, as Restated - June 30, 2013	<u><u>\$ 28,922,575</u></u>

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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
Property Taxes:				
Current taxes	\$ 85,137,629	\$ 85,137,629	\$ 84,266,163	\$ (871,466)
Delinquent taxes	600,000	600,000	809,323	209,323
Supplemental motor vehicles	500,000	500,000	838,681	338,681
Interest	300,000	300,000	458,754	158,754
Liens	4,000	4,000	5,048	1,048
Housing authority - PILOT (in lieu of taxes)	20,000	20,000	58,671	38,671
Telephone access relief	40,000	40,000	46,284	6,284
Total property taxes	<u>86,601,629</u>	<u>86,601,629</u>	<u>86,482,924</u>	<u>(118,705)</u>
Intergovernmental:				
State assistance - education:				
Education equalization	13,045,470	13,045,470	12,877,884	(167,586)
Other assistance:				
FEMA Reimbursements			16,815	16,815
Elderly tax freeze	3,000	3,000	3,840	840
State in lieu of taxes			56,236	56,236
DOT Elderly Transportation			33,444	33,444
Elderly tax relief	125,300	125,300	148,281	22,981
State sundry grants			26,554	26,554
Youth service grants	20,000	20,000	22,734	2,734
Manufacturer's equipment and machinery			412,916	412,916
Municipal grants-in-aid	1,181,405	1,181,405	1,258,566	77,161
Veterans' exemption	14,000	14,000	15,883	1,883
Total intergovernmental	<u>14,389,175</u>	<u>14,389,175</u>	<u>14,873,153</u>	<u>483,978</u>
Charges for Services:				
Building permits	600,000	600,000	489,681	(110,319)
Probate court rentals	4,000	4,000	7,615	3,615
Town Clerk fees	475,000	475,000	507,598	32,598
Planning and zoning fees	5,000	5,000	15,167	10,167
General government sundry	100,000	100,000	128,402	28,402
Police	26,000	26,000	25,546	(454)
Recycling rebate			72,744	72,744
Educational rentals	10,000	10,000		(10,000)
Engineering permits	2,000	2,000	6,420	4,420
Zoning board of appeals	2,000	2,000	780	(1,220)
Refuse and recycling	157,418	157,418	68,624	(88,794)
Fire Marshal fees	75,000	75,000	13,082	(61,918)
Total charges for services	<u>1,456,418</u>	<u>1,456,418</u>	<u>1,335,659</u>	<u>(120,759)</u>
Investment Earnings	<u>25,000</u>	<u>25,000</u>	<u>38,898</u>	<u>13,898</u>
Other Revenues:				
Cancellation of prior year encumbrances			10,483	10,483
Total Revenues	<u>102,472,222</u>	<u>102,472,222</u>	<u>102,741,117</u>	<u>268,895</u>

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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, 2014

	<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	\$ 37,240	\$ 37,240	\$ 37,240	\$ -
Library funds	25,000	25,000	23,070	(1,930)
Fund balance appropriation	<u>400,000</u>	<u>400,000</u>	<u> </u>	<u>(400,000)</u>
Total other financing sources	<u>462,240</u>	<u>462,240</u>	<u>60,310</u>	<u>(401,930)</u>
Total Revenues and Other Financing Sources	<u>\$ 102,934,462</u>	<u>\$ 102,934,462</u>	102,801,427	<u>\$ (133,035)</u>
Budgetary revenues are different from GAAP revenues because:				
Cancellation of prior year encumbrances are recognized as budgetary revenue			(10,483)	
State on-behalf payments			7,885,360	
Premium on bond issuance			<u>68,173</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>\$ 110,744,477</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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget (Over) Under</u>
General Government:				
Legislative:				
Town Council	\$ 210,033	\$ 210,033	\$ 201,467	\$ 8,566
Boards and Commissions:				
Human relations commission	2,500	2,500	815	1,685
Historic district commission	1,000	1,000	673	327
Public building commission	520	1,699	2	2
South Windsor redevelopment	1,000	1,000	295	705
Inland/wetlands - conservation	5,525	5,525	2,911	2,614
Land preservation advisory	300	300		300
Open space task force	500	500	175	325
Park and recreation commission	4,500	4,500	3,973	527
Planning and zoning	7,150	8,838	8,838	-
Zoning board of appeals	2,500	2,500	2,381	119
Economic development coordinator	4,500	4,500	4,009	491
Total boards and commissions	<u>29,995</u>	<u>32,862</u>	<u>25,767</u>	<u>7,095</u>
Judicial:				
Probate court	<u>13,238</u>	<u>13,238</u>	<u>8,383</u>	<u>4,855</u>
Elections:				
Registrar of voters	<u>146,581</u>	<u>161,819</u>	<u>160,356</u>	<u>1,463</u>
Executive:				
Town manager	314,677	324,018	324,018	-
Human resources	63,711	61,769	61,769	-
Total executive	<u>378,388</u>	<u>385,787</u>	<u>385,787</u>	<u>-</u>
Community Development:				
Planning department	223,772	223,772	221,730	2,042
Building department	213,957	213,957	194,557	19,400
Total community development	<u>437,729</u>	<u>437,729</u>	<u>416,287</u>	<u>21,442</u>
Finance:				
Assessor	280,924	273,787	272,984	803
Collector of revenue	215,671	209,855	209,779	76
Finance office	343,804	402,654	402,412	242
Total finance	<u>840,399</u>	<u>886,296</u>	<u>885,175</u>	<u>1,121</u>
Recording and Reporting:				
Town clerk	<u>217,803</u>	<u>217,803</u>	<u>209,806</u>	<u>7,997</u>
Law:				
Town attorney	<u>175,000</u>	<u>231,402</u>	<u>231,401</u>	<u>1</u>
Central Services:				
Town Hall	282,880	282,880	276,080	6,800
Information technology	662,511	668,511	580,500	88,011
Total quality management implementation	1,500	1,500		1,500
Media	28,970	28,970	13,573	15,397
Total central services	<u>975,861</u>	<u>981,861</u>	<u>870,153</u>	<u>111,708</u>
Total general government	<u>3,425,027</u>	<u>3,558,830</u>	<u>3,394,582</u>	<u>164,248</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, 2014

	<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	\$ 409,492	\$ 417,303	\$ 417,296	\$ 7
Operations	3,323,501	3,365,675	3,365,672	3
Support services	1,759,001	1,761,912	1,745,436	16,476
Community services	151,696	157,485	156,948	537
Total police protection	<u>5,643,690</u>	<u>5,702,375</u>	<u>5,685,352</u>	<u>17,023</u>
Fire Protection:				
Fire marshal	184,619	184,654	171,974	12,680
Volunteer fire department	760,962	790,962	790,962	-
Hydrants and water lines	750,800	744,522	744,522	-
Total fire protection	<u>1,696,381</u>	<u>1,720,138</u>	<u>1,707,458</u>	<u>12,680</u>
Other protection:				
Street lights	<u>409,500</u>	<u>372,058</u>	<u>371,511</u>	<u>547</u>
Total public safety	<u>7,749,571</u>	<u>7,794,571</u>	<u>7,764,321</u>	<u>30,250</u>
Public Works:				
Administration:				
Management	<u>139,492</u>	<u>139,492</u>	<u>139,037</u>	<u>455</u>
Engineering:				
Technical support	<u>399,475</u>	<u>399,475</u>	<u>398,089</u>	<u>1,386</u>
Street Services:				
Highway maintenance	2,157,305	2,213,305	2,196,967	16,338
Fleet services	823,021	800,148	749,380	50,768
Total street services	<u>2,980,326</u>	<u>3,013,453</u>	<u>2,946,347</u>	<u>67,106</u>
Public Buildings:				
Building maintenance	<u>1,348,137</u>	<u>1,377,518</u>	<u>1,245,811</u>	<u>131,707</u>
Pollution Control:				
Refuse and recycling	<u>1,963,968</u>	<u>1,934,587</u>	<u>1,920,893</u>	<u>13,694</u>
Total public works	<u>6,831,398</u>	<u>6,864,525</u>	<u>6,650,177</u>	<u>214,348</u>
Human Services:				
Conservation of Health:				
Environmental health	122,658	122,658	113,311	9,347
Visiting nurse community care	17,825	17,825	4,803	13,022
Total conservation of health	<u>140,483</u>	<u>140,483</u>	<u>118,114</u>	<u>22,369</u>
Human service programs:				
Administration	174,955	171,844	171,550	294
Youth and family services	257,294	235,696	230,597	5,099
Adult and senior services	329,949	338,443	337,097	1,346
Mini-bus service	55,692	71,905	71,903	2
Sheltered workshops	4,624	4,624	2,697	1,927
Total human services programs	<u>822,514</u>	<u>822,512</u>	<u>813,844</u>	<u>8,668</u>
Total human services	<u>962,997</u>	<u>962,995</u>	<u>931,958</u>	<u>31,037</u>

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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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget (Over) Under</u>
Culture and Recreation:				
Recreation administration	\$ 1,611,514	\$ 1,611,514	\$ 1,556,385	\$ 55,129
Library	1,022,624	1,022,624	1,026,664	(4,040)
Total culture and recreation	<u>2,634,138</u>	<u>2,634,138</u>	<u>2,583,049</u>	<u>51,089</u>
Education	<u>68,123,940</u>	<u>68,123,940</u>	<u>67,773,113</u>	<u>350,827</u>
Insurance and Benefits:				
Municipal insurance:				
Insurance - casualty	<u>246,321</u>	<u>246,321</u>	<u>238,820</u>	<u>7,501</u>
Pension Contributions:				
Pension	2,090,440	2,090,440	2,073,125	17,315
Social security	945,298	902,754	902,754	-
Total pension contributions	<u>3,035,738</u>	<u>2,993,194</u>	<u>2,975,879</u>	<u>17,315</u>
Health and life insurance	<u>2,991,272</u>	<u>2,991,272</u>	<u>2,964,122</u>	<u>27,150</u>
Workers' compensation	<u>449,710</u>	<u>415,575</u>	<u>415,575</u>	<u>-</u>
Unemployment compensation	<u>30,000</u>	<u>2,176</u>	<u>2,176</u>	<u>-</u>
Total insurance and benefits	<u>6,753,041</u>	<u>6,648,538</u>	<u>6,596,572</u>	<u>51,966</u>
Other:				
Contingency	115,000	6,000		6,000
South Windsor patriotic commission	13,500	13,500	13,424	76
Cemeteries	3,000	3,000	3,000	-
Wood Memorial Library	7,500	7,500	7,500	-
Total other	<u>139,000</u>	<u>30,000</u>	<u>23,924</u>	<u>6,076</u>
Debt Service:				
Principal	3,697,485	3,697,485	3,697,485	-
Interest	1,785,885	1,787,460	1,787,460	-
Total debt service	<u>5,483,370</u>	<u>5,484,945</u>	<u>5,484,945</u>	<u>-</u>
Total expenditures	102,102,482	102,102,482	101,202,641	899,841
Other Financing Uses:				
Transfer out	<u>831,980</u>	<u>831,980</u>	<u>831,980</u>	<u>-</u>
Total	<u>\$ 102,934,462</u>	<u>\$ 102,934,462</u>	102,034,621	<u>\$ 899,841</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

State on-behalf payments

Net bond issuance costs are not budgeted for

396,686

76,455

7,885,360

(1,424)

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

\$ 110,391,698

TOWN OF SOUTH WINDSOR, CONNECTICUT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - SEWER OPERATING FUND**

FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues:				
Charges for services	\$ 4,203,535	\$ 4,203,535	\$ 4,037,844	\$ (165,691)
Intergovernmental revenue	58,135	58,135		(58,135)
Investment income	400	400	48	(352)
Miscellaneous	78,000	78,000	115,227	37,227
Total revenues	<u>4,340,070</u>	<u>4,340,070</u>	<u>4,153,119</u>	<u>(186,951)</u>
Expenditures:				
Full time salaries	811,452	788,739	781,537	7,202
Overtime	38,049	38,049	80,532	(42,483)
Longevity	1,820	1,675	1,675	-
Employee benefits	504,477	481,999	481,999	-
Office supplies	1,000	1,258	1,258	-
Operating material	64,000	70,680	70,680	-
Motor vehicle supplies	20,990	13,428	13,428	-
Uniforms and clothing	7,500	6,062	6,062	-
Fleet and equipment repair	48,450	134,981	134,981	-
Advertising		306	306	-
Professional	155,788	151,039	151,039	-
Rental and leases	17,520	20,706	20,706	-
Utilities	524,700	493,590	493,590	-
Maintenance contracts	318,900	443,923	472,467	(28,544)
Repair and maintenance equipment	29,700	18,409	18,409	-
Fees and memberships	1,395	425	425	-
Recruitment and training	8,880	25,980	25,980	-
Other purchase services	300,000	295,685	339,089	(43,404)
Department equipment	225,000	213,096	213,096	-
Boards and Commissions - Office supplies	50	50		50
Boards and Commissions - Advertising	650	649	527	122
Debt service	313,810	193,402	195,629	(2,227)
Total expenditures	<u>3,394,131</u>	<u>3,394,131</u>	<u>3,503,415</u>	<u>(109,284)</u>
Excess of Revenues over Expenditures	945,939	945,939	649,704	(296,235)
Other Financing Uses:				
Transfers in	23,700	23,700	23,000	(700)
Transfers out	(969,639)	(969,639)	(969,639)	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(296,935)	<u>\$ (296,935)</u>
Fund Balance - July 1, 2013			110,993	
Fund Balance - June 30, 2014			<u>\$ (185,942)</u>	

Reconciliation to GAAP Basis

	Revenues	Expenditures
Balance, Budgetary Basis - June 30, 2014	\$ 4,153,119	\$ 3,503,415
Accrued payroll not budgeted		7,359
Encumbrances outstanding at June 30, 2013 liquidated and cancelled during the year ended June 30, 2014		4,667
Encumbrances charged to budgetary expenditures during the year ended June 30, 2014		(27,402)
Balance, GAAP Basis - June 30, 2014	<u>\$ 4,153,119</u>	<u>\$ 3,488,039</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TOWN PLAN

LAST FISCAL YEAR

	2014
Total pension liability:	
Service cost	\$ 344,193
Interest	2,494,478
Changes of assumptions	3,396,197
Benefit payments, including refunds of member contributions	(1,680,365)
Administrative expense	(75,832)
Net change in total pension liability	4,478,671
Total pension liability - beginning	31,714,877
Total pension liability - ending	36,193,548
Plan fiduciary net position:	
Contributions - employer	1,867,793
Contributions - member	357,692
Net investment income	3,279,002
Benefit payments, including refunds of member contributions	(1,680,365)
Administrative expense	(75,832)
Net change in plan fiduciary net position	3,748,290
Plan fiduciary net position - beginning	18,906,056
Plan fiduciary net position - ending	22,654,346
Net Pension Liability - Ending	\$ 13,539,202
Plan fiduciary net position as a percentage of the total pension liability	62.59%
Covered-employee payroll	\$ 4,749,846
Net pension liability as a percentage of covered-employee payroll	285.05%

Notes to Schedule:

Changes of assumptions. In 2014, amounts reported as changes of assumptions resulted from the change in the discount rate from 8% to 6.98%.

TOWN OF SOUTH WINDSOR, CONNECTICUT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
BOARD OF EDUCATION PLAN

LAST FISCAL YEAR

	2014
Total pension liability:	
Service cost	\$ 225,029
Interest	920,994
Changes of assumptions	543,345
Benefit payments, including refunds of member contributions	(655,604)
Administrative expense	(43,468)
Net change in total pension liability	990,296
Total pension liability - beginning	11,636,936
Total pension liability - ending	12,627,232
Plan fiduciary net position:	
Contributions - employer	922,555
Contributions - member	197,927
Net investment income	1,681,148
Benefit payments, including refunds of member contributions	(655,604)
Administrative expense	(43,468)
Net change in plan fiduciary net position	2,102,558
Plan fiduciary net position - beginning	10,016,519
Plan fiduciary net position - ending	12,119,077
Net Pension Liability - Ending	\$ 508,155
Plan fiduciary net position as a percentage of the total pension liability	95.98%
Covered-employee payroll	\$ 3,085,477
Net pension liability as a percentage of covered-employee payroll	16.47%

Notes to Schedule:

Changes of assumptions. In 2014, amounts reported as changes of assumptions resulted from the change in the discount rate from 8% to 7.50%.

TOWN OF SOUTH WINDSOR, CONNECTICUT

SCHEDULE OF EMPLOYER CONTRIBUTIONS
TOWN PLAN

LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Actuarially determined contribution	\$ 671,577	\$ 890,470	\$ 998,869	\$ 1,105,236	\$ 1,220,118	\$ 1,573,634	\$ 1,500,972	\$ 1,583,496	\$ 1,697,994	\$ 1,686,734
Contributions in relation to the actuarially determined contribution	<u>-</u>	<u>419,000</u>	<u>606,632</u>	<u>668,914</u>	<u>826,338</u>	<u>963,169</u>	<u>1,278,427</u>	<u>1,343,147</u>	<u>1,697,994</u>	<u>1,867,793</u>
Contribution Deficiency (Excess)	<u>\$ 671,577</u>	<u>\$ 471,470</u>	<u>\$ 392,237</u>	<u>\$ 436,322</u>	<u>\$ 393,780</u>	<u>\$ 610,465</u>	<u>\$ 222,545</u>	<u>\$ 240,349</u>	<u>\$ -</u>	<u>\$ (181,059)</u>
Covered-employee payroll	\$ 4,350,189	\$ 4,629,455	\$ 4,744,942	\$ 4,771,476	\$ 4,962,230	\$ 5,239,328	\$ 5,427,342	\$ 5,337,789	\$ 5,352,711	\$ 4,749,846
Contributions as a percentage of covered-employee payroll	0.00%	9.05%	12.78%	14.02%	16.65%	18.38%	23.56%	25.16%	31.72%	39.32%

Notes to Schedule

Valuation date: January 1, 2014
Measurement date: June 30, 2014
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
Amortization method	Level percentage of payroll, open
Remaining amortization period	10 years
Asset valuation method	5-year smoothed market
Salary increases	3.0%, average, including inflation
Turnover	All employees who do not meet membership requirements under the plan are excluded from funding. Terminations prior to retirement are discounted in advance in accordance with a scale based on attained ages.
Investment rate of return	In the 2014 actuarial valuation, investment rate of return used was 7.5%. All other years above used a 8.0% investment rate of return.
Retirement age	In the 2014 actuarial valuation, expected retirement ages of plan members were calculated to closely reflect actual experience, dependent upon position.
Disability	Disability among active lives is discounted in advance according to a scale based on attained ages.
Spouse Benefits	80% of all participants are assumed to be married. Wives are assumed to be one year younger than their husbands.
Mortality	RP-2000 Mortality Table, un projected, for males and females as applicable.

TOWN OF SOUTH WINDSOR, CONNECTICUT

SCHEDULE OF EMPLOYER CONTRIBUTIONS
BOARD OF EDUCATION PLAN

LAST TEN FISCAL YEARS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Actuarially determined contribution	\$ 385,615	\$ 419,238	\$ 998,869	\$ 483,721	\$ 429,319	\$ 522,765	\$ 487,057	\$ 481,339	\$ 443,288	\$ 450,378
Contributions in relation to the actuarially determined contribution	<u>172,738</u>	<u>321,299</u>	<u>457,461</u>	<u>833,712</u>	<u>354,000</u>	<u>432,575</u>	<u>407,333</u>	<u>752,056</u>	<u>518,288</u>	<u>922,555</u>
Contribution Deficiency (Excess)	<u>\$ 212,877</u>	<u>\$ 97,939</u>	<u>\$ 541,408</u>	<u>\$ (349,991)</u>	<u>\$ 75,319</u>	<u>\$ 90,190</u>	<u>\$ 79,724</u>	<u>\$ (270,717)</u>	<u>\$ (75,000)</u>	<u>\$ (472,177)</u>
Covered-employee payroll	\$ 2,773,089	\$ 2,791,381	\$ 2,764,749	\$ 3,232,684	\$ 3,321,753	\$ 3,512,067	\$ 3,652,821	\$ 3,419,019	\$ 3,012,321	\$ 3,085,477
Contributions as a percentage of covered-employee payroll	6.23%	11.51%	16.55%	25.79%	10.66%	12.32%	11.15%	22.00%	17.21%	29.90%

Notes to Schedule

Valuation date: January 1, 2014

Measurement date: June 30, 2014

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
Amortization method Level percentage of payroll, open
Remaining amortization period 10 years
Asset valuation method 5-year smoothed market
Salary increases 3.0%, average, including inflation

All employees who do not meet membership requirements under the plan are excluded from funding. Terminations prior to retirement are discounted in advance in accordance with a scale based on attained ages.

Turnover

Investment rate of return In the 2014 actuarial valuation, investment rate of return used was 7.5%. All other years above used a 8.0% investment rate of return.

Retirement age In the 2014 actuarial valuation, expected retirement ages of plan members were calculated to closely reflect actual experience, dependent upon position.

Disability Disability among active lives is discounted in advance according to a scale based on attained ages.

Spouse Benefits 80% of all participants are assumed to be married. Wives are assumed to be one year younger than their husbands.

Mortality RP-2000 Mortality Table, un projected, for males and females as applicable.

TOWN OF SOUTH WINDSOR, CONNECTICUT**SCHEDULE OF INVESTMENT RETURNS****LAST FISCAL YEAR****2014**

Annual money-weighted rate of return, net of investment expense:

Town Plan	16.37%
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Board of Education Plan	16.90%
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ROBINSON & COE LLP

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Hartford, CT 06103-3597
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Fax (860) 275-8299

February __, 2015

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 __, 2015 (the “Tax Regulatory Agreement”), and other proofs submitted to us relative to the issuance and sale of \$5,160,000 Town of South Windsor, Connecticut General Obligation Bonds, Issue of 2015, dated February __, 2015 (the “Bonds”), maturing on February 15 in each of the years, in the principal amounts and bearing interest payable on August 15, 2015 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>
2018	\$300,000	%	2027	\$275,000	%
2019	300,000		2028	275,000	
2020	300,000		2029	275,000	
2021	300,000		2030	275,000	
2022	300,000		2031	275,000	
2023	300,000		2032	275,000	
2024	300,000		2033	275,000	
2025	300,000		2034	275,000	
2026	300,000		2035	260,000	

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 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.

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. Interest on the Bonds is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. 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.

Very truly yours,

ROBINSON & COLE LLP

ROBINSON & COE LLP

280 Trumbull Street
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February __, 2015

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 __, 2015 (the “Tax Regulatory Agreement”), and other proofs submitted to us relative to the issuance and sale of \$7,160,000 Town of South Windsor, Connecticut General Obligation Bond Anticipation Notes, dated February 18, 2015 and maturing February 17, 2016, consisting of Note R-1 in the aggregate principal amount of \$7,160,000, 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. Interest on the Notes is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. 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.

Very truly yours,

ROBINSON & COLE LLP

APPENDIX D - FORM OF CONTINUING DISCLOSURE AGREEMENT – THE BONDS

CONTINUING DISCLOSURE AGREEMENT

Town of South Windsor, Connecticut
\$5,160,000 General Obligation Bonds, Issue of 2015
Dated February __, 2015

February __, 2015

WHEREAS, the Town of South Windsor, Connecticut (the “Town”) has heretofore authorized the issuance of \$5,160,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2015, dated February __, 2015 (the “Bonds”), and to mature on the dates and in the amounts and set forth in the Town’s Official Statement dated February __, 2015 describing the Bonds (the “Official Statement”); and

WHEREAS, the Bonds have been sold by a competitive bid pursuant to a Notice of Sale, dated February 5, 2015 (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 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.

“Fiscal Year End” shall mean the last day of the Town’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Repository” shall mean the Electronic Municipal Market Access 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; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if any, if material.

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: _____
Matthew B. Galligan
Town Manager

By: _____
Barbara Pandiscia
Town Treasurer

APPENDIX E - FORM OF CONTINUING DISCLOSURE AGREEMENT – THE NOTES

CONTINUING DISCLOSURE AGREEMENT

Town of South Windsor, Connecticut
\$7,160,000 General Obligation Bond Anticipation Notes
Dated February __, 2015

February __, 2015

WHEREAS, the Town of South Windsor, Connecticut (the “Town”) has heretofore authorized the issuance of \$7,160,000 in aggregate principal amount of its General Obligation Bond Anticipation Notes, dated February __, 2015 (the “Notes”), and to mature on the dates and in the amounts and set forth in the Town’s Official Statement dated February __, 2015 describing the Notes (the “Official Statement”); and

WHEREAS, the Notes have been sold by a competitive bid pursuant to a Notice of Sale, dated February __, 2015 (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:

“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 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;
- (ix) modifications to rights of Noteholders, if material;
- (x) 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; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if any, if material.

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: _____
Matthew B. Galligan
Town Manager

By: _____
Barbara Pandiscia
Town Treasurer

APPENDIX F – NOTICE OF SALE – THE BONDS

NOTICE OF SALE \$5,160,000

TOWN OF SOUTH WINDSOR, CONNECTICUT GENERAL OBLIGATION BONDS ISSUE OF 2015

Electronic bids (as described herein) will be received by the **TOWN OF SOUTH WINDSOR, CONNECTICUT** (the “Town”), until 11:30 o'clock A.M. (E.S.T.) Thursday,

FEBRUARY 5, 2015

for the purchase of all, but not less than all, of the \$5,160,000 Town of South Windsor, Connecticut General Obligation Bonds, Issue of 2015 (the “Bonds”). Electronic bids must be submitted via **PARITY**[®]. (See “Electronic Bidding Procedures”).

The Bonds

The Bonds will be dated February 18, 2015, mature in principal amounts of \$300,000 on February 15 in each of the years 2018–2026, both inclusive, \$275,000 on February 15 in each of the years 2027-2034, and \$260,000 on February 15, 2035, bear interest payable on August 15, 2015 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 27, 2015 (the “Preliminary Official Statement”).

The Bonds maturing on or before February 15, 2021 are not subject to redemption prior to maturity. The Bonds maturing on February 15, 2022 and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after February 15, 2021, 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 percentages 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, 2021 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 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 or 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; transfer of 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 the i-Deal LLC 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.

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, 36th Street, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com).

For purposes of electronic bids, the time as maintained by **PARITY®** shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the Town, computed and rounded to six decimal places, as described under "Bid Specifications/Basis of Award" below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and the form of Proposal for Bonds.

Bid Specifications/ Basis of Award

Each bid must be for the entire \$5,160,000 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 (a) more than one interest rate for any Bonds having the same maturity date, or (b) any interest rate for any Bonds which exceeds the interest rate stated in the proposal for any other Bonds by more than 3%. 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 will be considered.

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 18, 2015, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued to February 18, 2015, the delivery date of the Bonds. It is requested that each proposal 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 proposal. The Bonds will be awarded or all bids will be rejected promptly after the bid opening and not later than 4:00 P.M. (E.S.T.) on February 5, 2015. The purchase price must be paid in Federal funds.

The Town reserves the right to reject any and all proposals and to waive any irregularity or informality with respect to any proposal. The Town further reserves the right to postpone the sale to another time and date in its sole 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 rejected or 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 issue will be passed upon by Robinson & Cole LLP, Bond Counsel, Hartford, Connecticut, 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 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, but is, however, includible in adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations, (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 the legal opinion, Robinson & Cole LLP 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.

Settlement of the Bonds

It shall be the responsibility of the winning bidder to certify to the Town before delivery of the Bonds the prices at which a substantial amount of the Bonds of each maturity were initially offered and sold to the public.

The Bonds will be available for delivery on or about February 18, 2015. The deposit of the Bonds with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder to 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 100 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 financial advisor. If the Town's financial 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) timely notice of the occurrence of certain events within 10 days of the occurrence of such events; 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. Bid forms and copies of the Preliminary Official Statement may be obtained from the undersigned, or from Mr. Mark N. Chapman, Director, Independent Bond and Investment Consultants, 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, telephone: (203) 245-7264.

MATTHEW B. GALLIGAN

Town Manager

BARBARA PANDISCIA

Town Treasurer

January 27, 2015

APPENDIX G – NOTICE OF SALE AND BID FORM – THE NOTES

NOTICE OF SALE \$7,160,000 TOWN OF SOUTH WINDSOR, CONNECTICUT GENERAL OBLIGATION BOND ANTICIPATION NOTES

Sealed proposals and electronic bids (as described herein) will be received by the **TOWN OF SOUTH WINDSOR, CONNECTICUT** (the “Town”), until 11:00 A.M. (E.S.T.) Thursday,

FEBRUARY 5, 2015

for the purchase of \$7,160,000 Town of South Windsor, Connecticut General Obligation Bond Anticipation Notes (the “Notes”). Sealed proposals will be received at Town Hall, Sprenkel Room, 1540 Sullivan Avenue, South Windsor, CT 06074 in the manner specified below. (See “Sealed Proposal Procedures”). 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 18, 2015 and will be payable to the registered owner on February 17, 2016 as further described in the Preliminary Official Statement for the Notes dated January 27, 2015 (the “Preliminary Official Statement”). The Notes will bear interest (which interest shall be computed on a 360-day year, twelve 30-day month basis) payable at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/1000 of 1% per annum.

Nature of Obligation

The full faith and credit of the Town will be pledged for the prompt payment of the principal of and the interest on the Notes. 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, 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 or 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(s), 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.

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, 36th Street, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 – email notice: parity@i-deal.com).

For purposes of both the sealed proposal process and 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 electronic bids the net interest cost to the Town, computed and rounded to six decimal places, as described under "Bid Specifications/Basis of Award" below, and in the written form of Proposal for Notes. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and the form of Proposal for Notes.

Sealed Proposal Procedures

Bids will be accepted in written form on the form of Proposal for Notes at the place and time indicated above. Bids must be enclosed in sealed envelopes marked "Proposal for Notes" and addressed to Matthew B. Galligan, Town Manager, Town of South Windsor, 1540 Sullivan Avenue, South Windsor, CT 06074.

Bid Specifications/Basis of Award

Proposals for the purchase of the Notes must provide the information set forth in the form of the Proposal for Notes attached hereto or, if submitted electronically, 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, except one such proposal for a part may include the odd \$60,000, 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.S.T.) on February 5, 2015. 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 postponed, the Notes will be awarded to the bidder or bidders offering to purchase the Notes 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, Bond Counsel, Hartford, Connecticut, and the winning bidder(s) 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, but is, however, included in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations, (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 the legal opinion, Robinson & Cole LLP 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.

Settlement of the Notes

It shall be the responsibility of the winning bidder(s) to certify to the Town before the delivery of the Notes the price or prices at which a substantial amount of the Notes were initially offered and sold to the public.

The Notes will be available for delivery on or about February 18, 2015. The deposit of the Notes with DTC, or its custodian, under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder(s) to 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 bidder(s) 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). Each winning bidder 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 bidder(s) at its own expense by arrangement with the printer. The copies of the final Official Statement will be made available to the winning bidder(s) no later than seven business days after the bid opening at the office of the Town’s financial advisor. If the Town’s financial advisor is provided with the necessary information from the winning bidder(s) 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 name(s) of the winning bidder(s) for 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. The winning bidder’s obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for 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 may be obtained from the undersigned, or from Mark N. Chapman, Director, Independent Bond and Investment Consultants LLC, 129 Samson Rock Drive, Suite A, Madison, CT 06443, Telephone No. (203) 245-7264.

MATTHEW B. GALLIGAN

Town Manager

BARBARA PANDISCIA

Town Treasurer

January 27, 2015

(See attached for form of Proposal for Notes)

PROPOSAL FOR NOTES

February 5, 2015

MATTHEW B. GALLIGAN, Town Manager
BARBARA PANDISCIA, Town Treasurer
 Town of South Windsor
 Town Hall, Sprenkel Room
 1540 Sullivan Avenue
 South Windsor, CT 06074

Subject to the provisions of the Notice of Sale dated January 27, 2015, which Notice is made a part of this proposal, we offer to purchase the principal amount of the \$7,160,000 Town of South Windsor, Connecticut General Obligation Bond Anticipation Notes specified below at the stated interest rate (provided not less than \$100,000 of principal amount per interest rate is bid and the total of all principal amounts bid does not exceed \$7,160,000), plus the premium specified below, if any, and to pay therefor par, plus the premium specified below, if any, to the date of delivery. We further provide our computation of net interest cost as to each bid, rounded to six decimal places, and made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal.

Principal Amount	_____	Principal Amount	_____
Interest Rate	_____	Interest Rate	_____
Premium	_____	Premium	_____
Net Interest Cost	_____ % (Six Decimals)	Net Interest Cost	_____ % (Six Decimals)
Principal Amount	_____	Principal Amount	_____
Interest Rate	_____	Interest Rate	_____
Premium	_____	Premium	_____
Net Interest Cost	_____ % (Six Decimals)	Net Interest Cost	_____ % (Six Decimals)

The undersigned hereby agrees to accept delivery of and make payment for the indicated principal amount of the Notes in Federal Funds on the date of the Notes or as soon thereafter (but not later than 30 days thereafter) as such Notes may be prepared and ready for delivery by the Town.

Name of Bidder: _____

Mailing Address: _____

Authorized Signature: _____

Telephone Number: _____