

Official Statement Dated February 1, 2018

NEW ISSUE

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 for tax years beginning before January 1, 2018. 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

\$11,500,000

GENERAL OBLIGATION BONDS, ISSUE OF 2018 BOOK-ENTRY ONLY

Dated: Date of Delivery

Due: February 15, 2019-2038, as shown herein

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

The Bonds will bear interest payable on August 15, 2018 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.

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

\$4,850,000

GENERAL OBLIGATION BOND ANTICIPATION NOTES BOOK-ENTRY ONLY

Dated: Date of Delivery

Due: February 14, 2019

The Notes will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and 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 15, 2018.

TOWN OF SOUTH WINDSOR, CONNECTICUT

\$11,500,000

GENERAL OBLIGATION BONDS, ISSUE OF 2018 BOOK-ENTRY-ONLY

Dated: Date of Delivery

Due: February 15, 2019-2038, as shown below

MATURITY SCHEDULE AND AMOUNTS

Interest					Interest				
Maturity	Amount	Rate	Yield	CUSIP (1)	Maturity	Amount	Rate	Yield	CUSIP (1)
2019	\$ 390,000	3.000%	1.450%	840772H83	2029	\$ 585,000	3.000%	2.600% *	840772K22
2020	580,000	5.000	1.580	840772H91	2030	585,000	3.000	2.800*	840772K30
2021	585,000	5.000	1.670	840772J24	2031	585,000	3.000	3.000	840772K48
2022	585,000	5.000	1.780	840772J32	2032	585,000	3.000	3.100	840772K55
2023	585,000	5.000	1.880	840772J40	2033	585,000	3.125	3.200	840772K63
2024	585,000	4.000	2.000*	840772J57	2034	585,000	3.125	3.300	840772K71
2025	585,000	4.000	2.100*	840772J65	2035	585,000	3.250	3.350	840772K89
2026	585,000	4.000	2.200*	840772J73	2036	585,000	3.250	3.400	840772K97
2027	585,000	3.000	2.400*	840772J81	2037	585,000	3.250	3.450	840772L21
2028	585,000	3.000	2.500*	840772J99	2038	585,000	3.375	3.500	840772L39

* - Priced assuming redemption on February 15, 2023; however any such redemption is at the election of the Town. (See "Optional Redemption" herein).

BAIRD

\$4,850,000

GENERAL OBLIGATION BOND ANTICIPATION NOTES BOOK-ENTRY-ONLY

Dated: Date of Delivery

Due: February 14, 2019

Coupon	Yield	CUSIP (1)
2.500%	1.480%	840772L47

Jefferies

- (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 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 Appendix B – "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 Municipal 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 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 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 Agreements to be executed in substantially the form attached as Appendix C to this Official Statement.

BOND COUNSEL

ROBINSON & COLE LLP

Hartford, Connecticut
(860) 275-8200

INDEPENDENT MUNICIPAL 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 1, 2018, at 11:30 A.M. (E.S.T.).
Location of Sale:	Town Hall, Madden Room, 1540 Sullivan Avenue, South Windsor, Connecticut 06074.
Issuer:	Town of South Windsor, Connecticut (the "Town").
Issue:	\$11,500,000 General Obligation Bonds, Issue of 2018 (the "Bonds").
Dated Date:	Date of Delivery.
Interest Due:	August 15, 2018 and semiannually thereafter on February 15 and August 15 in each year until maturity or earlier redemption.
Principal Due:	Serially, February 15, in each of the years 2019-2038, 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 optional 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 "AA+" by S&P Global Ratings ("S&P"). The Town's outstanding bonds are currently rated "Aa2" and "AA+" by Moody's Investors Service, Inc. ("Moody's") and S&P, respectively. However, the Town has not made an application to Moody's for a rating on this issue. (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 15, 2018, 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 1, 2018, at 11:00 A.M. (E.S.T.).
Location of Sale:	Town Hall, Madden Room, 1540 Sullivan Avenue, South Windsor, Connecticut 06074.
Issuer:	Town of South Windsor, Connecticut (the "Town").
Issue:	\$4,850,000 General Obligation Bond Anticipation Notes (the "Notes").
Dated Date:	Date of Delivery.
Interest Due:	At maturity on February 14, 2019.
Principal Due:	At maturity on February 14, 2019.
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 <u>NOT</u> 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 "SP-1+" by S&P Global Ratings ("S&P"). The Town's outstanding bonds are currently rated "Aa2" and "AA+" by Moody's Investors Service, Inc. ("Moody's") and S&P, respectively. However, the Town has not made an application to Moody's for a rating on this issue. (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 15, 2018, 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 \$11,500,000 General Obligation Bonds, Issue of 2018 (the "Bonds") and \$4,850,000 General Obligation Bond Anticipation Notes ("the Notes").

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 make no representation that 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, 2018 and semiannually thereafter on February 15 and August 15 in each year until maturity or earlier redemption. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months 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, 2023 are not subject to redemption prior to maturity. The Bonds maturing on February 15, 2024 and thereafter are subject to redemption prior to maturity, at the option of the Town, on and after February 15, 2023, 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, 2023 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 owner 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 15, 2018 and principal and interest will be due at maturity on February 14, 2019. 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
Orchard Hill Elementary School Project	\$ 33,521,724	\$ 12,000,000	\$ -	\$ 7,500,000	\$ 4,500,000
2014 - Road / Drainage Improvements	12,000,000	4,000,000	350,000	4,000,000	350,000
Total	<u>\$ 45,521,724</u>	<u>\$ 16,000,000</u>	<u>\$ 350,000</u>	<u>\$ 11,500,000</u>	<u>\$ 4,850,000</u>

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Ratings

The Town has applied for a rating on the Bonds and Notes with S&P Global Ratings ("S&P"). The Town's outstanding bonds are currently rated "Aa2" and "AA+" by Moody's Investors Service, Inc. ("Moody's") and S&P, respectively. However, the Town has not made an application to Moody's for a rating on this issue. 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 for tax years beginning before January 1, 2018.

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.

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

Original Issue Premium

The initial public offering price of certain maturities of the Bonds and the Notes may be greater than the principal amount payable on such Bonds and Notes at maturity. The excess of the initial public offering price at which a substantial amount of these Bonds or the Notes is sold over the principal amount payable at maturity or on earlier call date constitutes original issue premium. The 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.

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SECTION II - THE ISSUER

Description of the Town

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

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

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

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

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

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

Form of Government

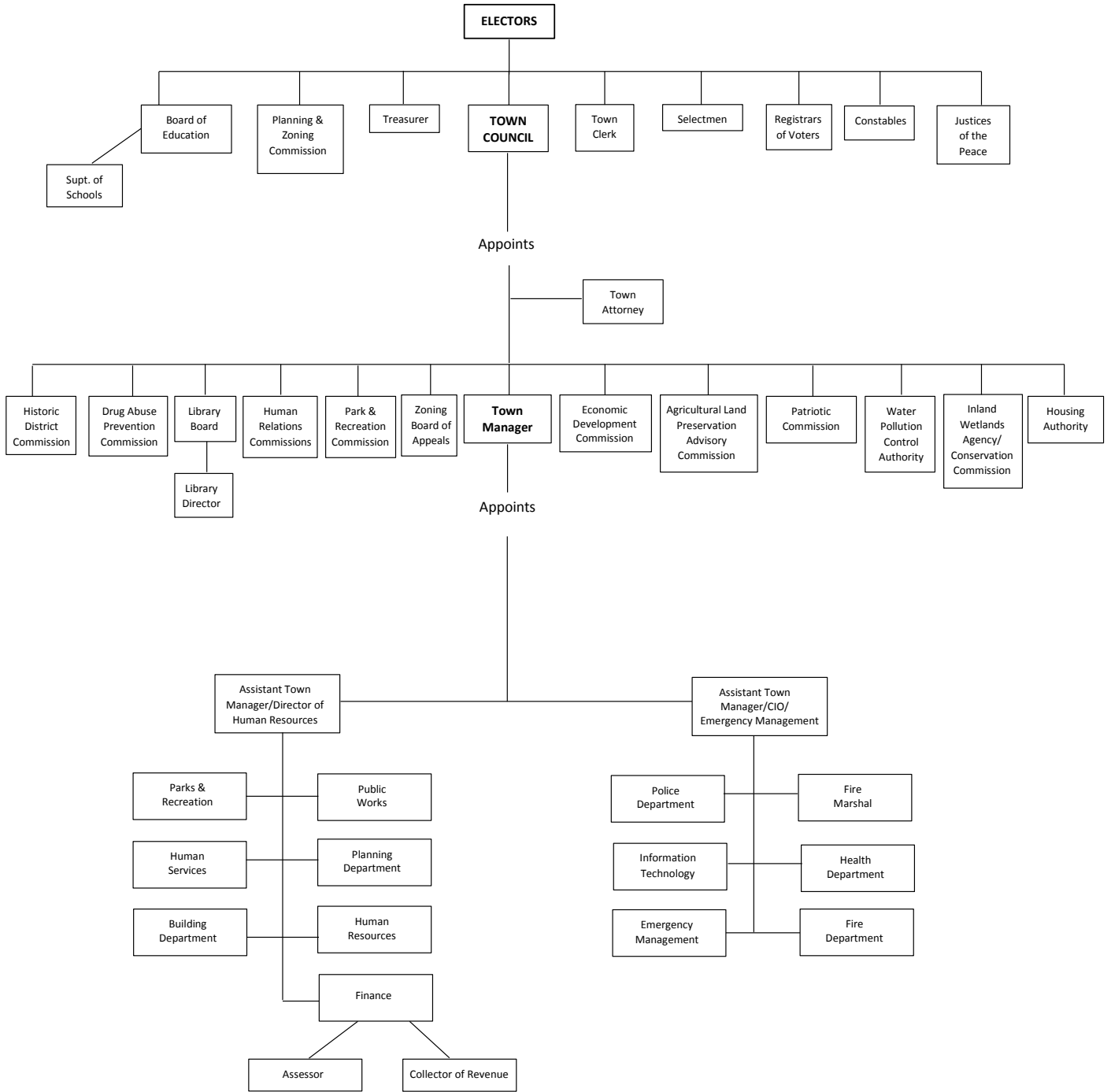
Since 1960, the Town has been organized under the Council-Manager form of government with a Council elected at large (the "Town Council"). The legislative function is performed by a bipartisan Town Council, consisting of nine members, elected biennially for two-year terms. Minority political party representation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

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

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

The Town's full time professional staff include the Town Manager, 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
Dr. M. Saud Anwar (1)	Mayor	2 years - Elected	6 years
Andrew Paterna	Deputy Mayor	2 years - Elected	1 year
Mary Justine Hockenberry	Town Council	2 years - Elected	less than 1 year
Rabbi Jeffrey Glickman	Town Council	2 years - Elected	less than 1 year
Lisa M. Maneeley	Town Council	2 years - Elected	2 year
Carolyn Mirek	Town Council	2 years - Elected	4 years
Elizabeth Pendleton	Town Council	2 years - Elected	4 years
Matthew Riley	Town Council	2 years - Elected	3 year
Janice A. Snyder	Town Council	2 years - Elected	6 years
Craig Zimmerman (2)	Chairman, Board of Education	2 years - Elected	less than 1 year
Anitha Elango	Town Treasurer	2 years - Elected	less than 1 year
Matthew B. Galligan	Town Manager	Appointed	22 years
Patricia Perry	Director of Finance	Appointed	4 years
McGivney & Kluger	Town Attorney	Appointed	1 year
Dr. Kate Carter	Superintendent of Schools	Appointed	7 years

(1) Dr. Anwar has served as Mayor for a total of approximately 6 years. However, the terms have not been consecutive.

(2) Mr. Zimmerman has served as a member of the Board of Education for approximately 4 years but has served as the Chairman for less than one year.

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 36 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 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-weekly collection of its recycling contracted services. The Town has contracted with Murphy Road Recycling, LLC for solid waste disposal services, which became effective November 16, 2012 and was recently extended until November 12, 2019. The Town has executed a separate five-year contract with Murphy Road Recycling, LLC for collection of recyclables.

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

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

Police Services: The South Windsor Police Department has 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 full-time and one part-time environmental health officers who provides for health inspections, supervision and approval of private water supplies, as well as the investigation and enforcement of pollution regulations and ordinances.

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

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

Recreation Services: A full time staff of 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: Services to the Town are provided by Eversource Energy (formerly Connecticut Light & Power a subsidiary of Northeast Utilities).

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 10/01/17	Capacity
Wapping Elementary School	K-5	1953	1961, 1992	17	375	576
Philip R. Smith Elementary School	K-5	1959	1961, 1988, 2000	21	494	552
Pleasant Valley Elementary School	K-5	1958	1988, 2000	24	n/a	576
Orchard Hill Elementary	K-5	1964	1988, 2000	23	436	528
Eli Terry Elementary School	K-5	1965	1966, 2000	18	560 (1)	576
Timothy Edwards Middle School	6-8	1968	1999	102	963	1,440
South Windsor High School (2)	9-12	1962	1966, 1991	109	1,314	1,500
Total				314	4,142	5,748

(1) Does not include 79 Pre-K students.

(2) Does not include Alternative Education Program operated by SWHS at 91 Ayers Road (5 Classrooms, 125 capacity).

Source: Town of South Windsor Public Schools, Facilities Department.

Educational Enrollment History and Projections

	<u>Actual Enrollments</u>			
<u>School Year (1)</u>	<u>K-5</u>	<u>6-8</u>	<u>9-12</u>	<u>Total</u>
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
2015-16	1,749	968	1,315	4,032
2016-17	1,780	965	1,326	4,071
2017-18	1,865	963	1,314	4,142
	<u>Projected Enrollments</u>			
2018-19	1,921	949	1,275	4,145
2019-20	1,939	959	1,282	4,180
2020-21	1,965	985	1,238	4,188
2021-22	2,025	1,027	1,222	4,274
2022-23	2,008	1,054	1,257	4,319

(1) As of October 1.

Source: Town of South Windsor Public Schools, 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.

<u>Fiscal Year</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Board of Education	621	648	628	638	639	628	609	635	642	642
General Government	173	173	173	172	172	174	178	176	183	181
Total	<u>794</u>	<u>821</u>	<u>801</u>	<u>810</u>	<u>811</u>	<u>802</u>	<u>787</u>	<u>811</u>	<u>825</u>	<u>823</u>

(1) Excludes enterprise and grant funded employees.

Source: Town of South Windsor Finance Department and Public Schools, Personnel 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	20.0
Subtotal General Government Employees	<u>173.0</u>
<u>Board of Education</u>	
Administration and Principals	27.5
Teachers	365.6
Secretaries / Paraprofessionals	154.5
Nurses, LPNs, OT	14.8
Non-Bargaining Employees	17.0
Custodial / Maintenance / Courier	41.5
Subtotal Board of Education Employees	<u>620.9</u>
Total Town Funded Employees	793.9
<u>Enterprise and Grant Funded Employees</u>	
Grant Funded	<u>36.7</u>
Total Town Employees	<u>830.6</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	35	6/30/18
Police Dispatchers	National Association of Municipal Employees, NAGE	10	6/30/19
Public Works and Clerical	Local 1303, Council 4, AFSCME, AFL-CIO	30	6/30/19
Pollution Control Operators	National Association of Municipal Employees, NAGE	11	6/30/19
Town Hall Employees	South Windsor Town Hall, Chapter 63, Civil Service Employee Affiliates, Inc.	18	6/30/19
<u>Board of Education</u>			
Teachers	South Windsor Education Association - CEA	382	6/30/19
Administrators	South Windsor School Administrators' Assoc.	23	6/30/20
Nurses	South Windsor School Nurses' Assoc., CSEA	8	6/30/18
Secretaries, Clerical and Aides	South Windsor Educational Support Staff Assoc., Local 1303-26, AFSCME	149	6/30/20
School Employees (Custodial and Maintenance)	South Windsor Facilities Staff, Local 1303-29, AFSCME	39	6/30/18

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.

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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>
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
2016	25,793	896,943	3,588,570

Source: U.S. Census Bureau and 2012-2016 American Community Survey.

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	1,073	4.2	48,332	5.4	188,812	5.3
5 - 9	1,682	6.5	52,570	5.9	210,557	5.9
10 - 14	1,614	6.3	57,403	6.4	228,543	6.4
15 - 19	2,055	8.0	60,291	6.7	252,522	7.0
20 - 24	1,274	4.9	57,775	6.5	242,007	6.7
25 - 34	2,339	9.1	116,432	13.0	438,471	12.2
35 - 44	3,485	13.5	110,604	12.3	439,606	12.3
45 - 54	4,359	16.9	132,503	14.8	545,977	15.2
55 - 59	2,048	7.9	65,225	7.3	263,778	7.4
60 - 64	1,555	6.0	54,433	6.1	223,274	6.2
65 - 74	2,326	9.0	75,201	8.4	303,959	8.5
75 - 84	1,284	5.0	41,385	4.6	163,137	4.5
85 and over	699	2.7	23,545	2.6	87,927	2.5
Total	<u>25,793</u>	<u>100.0</u>	<u>895,699</u>	<u>100.0</u>	<u>3,588,570</u>	<u>100.0</u>

Source: U.S. Census Bureau, 2012-2016 American Community Survey.

Selected Wealth and Income Indicators

	<u>Median Family Income (2000)</u>	<u>Median Family Income (2016)</u>	<u>Per Capita Income (2000)</u>	<u>Per Capita Income (2016)</u>
Town of South Windsor	\$82,807	\$119,385	\$30,966	\$46,758
Hartford County	62,144	86,124	26,047	36,570
Connecticut	65,521	91,274	28,766	39,906
United States	49,600	67,871	21,690	29,829

Source: U.S. Census Bureau, Census 2000 and 2012-2016 American Community Survey.

Income Distribution

	Town of South Windsor		Hartford County		State of Connecticut	
	Families	Percent	Families	Percent	Families	Percent
\$ -0- to 9,999	51	0.7	9,305	4.1	29,623	3.3
10,000 to 14,999	5	0.1	4,971	2.2	17,060	1.9
15,000 to 24,999	119	1.7	11,951	5.3	44,354	5.0
25,000 to 34,999	222	3.2	14,518	6.4	54,456	6.1
35,000 to 49,999	456	6.5	21,142	9.3	81,300	9.1
50,000 to 74,999	848	12.1	35,739	15.8	137,336	15.4
75,000 to 99,999	1,112	15.8	32,861	14.5	124,033	13.9
100,000 to 149,999	1,730	24.6	47,000	20.7	186,214	20.8
150,000 to 199,999	1,136	16.2	23,188	10.2	96,075	10.7
200,000 or more	1,341	19.1	25,873	11.4	123,962	13.9
Total	7,020	100.0	226,548	100.0	894,413	100.0

Source: U.S. Census Bureau, 2012-2016 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	330	1.8	28,038	4.5	103,279	4.2
9th to 12th grade	425	2.3	38,455	6.2	139,653	5.7
High School graduate	4,095	22.6	168,347	27.2	673,220	27.3
Some college	2,605	14.4	107,617	17.4	427,232	17.3
Associate degree	1,619	8.9	48,549	7.8	184,426	7.5
Bachelor degree	4,993	27.6	129,822	21.0	524,370	21.3
Graduate or professional degree	4,028	22.3	98,500	15.9	413,949	16.8
Total	18,095	100.0	619,328	100.0	2,466,129	100.0
Total high school graduate or higher (%)		95.8%		89.3%		90.1%
Total bachelor degree or higher (%)		49.9%		36.9%		38.0%

Source: U.S. Census Bureau, 2012-2016 American Community Survey.

Employment by Industry

	Town of South Windsor		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fisheries	55	0.4	883	0.2	7,209	0.4
Construction	477	3.5	20,283	4.8	101,497	5.7
Manufacturing	1,698	12.5	47,687	11.2	190,713	10.6
Wholesale trade	291	2.1	11,882	2.8	45,110	2.5
Retail trade	1,453	10.7	46,843	11.0	193,853	10.8
Transportation & warehousing & utilities	352	2.6	17,190	4.0	66,516	3.7
Information	255	1.9	10,140	2.4	42,374	2.4
Finance, insurance, real estate	2,365	17.4	50,405	11.9	163,765	9.1
Professional, scientific & management	1,384	10.2	48,518	11.4	206,042	11.5
Educational, health & social services	3,278	24.1	117,673	27.7	474,976	26.5
Arts, entertainment & recreation	820	6.0	31,440	7.4	153,754	8.6
Other professional services	551	4.0	19,771	4.7	81,588	4.5
Public Administration	640	4.7	1,910	0.4	66,291	3.7
Total	13,619	100.0	424,625	100.0	1,793,688	100.0

Source: U.S. Census Bureau, 2012-2016 American Community Survey.

Major Employers

<u>Employer</u>	<u>Nature of Business</u>	<u>Number of Employees</u>
The Town of South Windsor	Government and Education	794
DST Output	Service	650
Ticket Network	Service	441
The May Company	Distributor	389
Doosan Fuel Cell America	Manufacturer	320
Target Department Stores	Retail	250
Super Stop & Shop	Retail	221
Performance Food Group	Distributor	183
Lowes Home Improvement	Retail	170
Electro Methods	Manufacturer	155

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

Unemployment Rate Statistics

<u>Yearly Average</u>	<u>Town of South Windsor Percent</u>	<u>Hartford Labor Market Percent</u>	<u>State of Connecticut Percent</u>	<u>United States Percent</u>
2007	3.3	4.7	4.6	4.6
2008	4.3	5.9	5.8	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	5.2	6.7	6.7	6.2
2015	4.4	5.6	5.6	5.3
2016	4.1	5.1	5.1	4.7
<u>2017 Monthly</u>				
January	4.2	5.4	5.4	5.1
February	4.3	5.4	5.5	4.9
March	3.9	5.1	5.1	4.6
April	3.7	4.7	4.7	4.1
May	3.9	4.8	4.8	4.1
June	4.2	5.2	5.1	4.5
July	4.2	5.1	5.0	4.6
August	3.7	4.7	4.6	4.5
September	3.2	4.1	4.0	4.1
October	3.4	4.3	4.3	3.9
November	3.4	4.4	4.3	3.9

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

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Number and Value of Building Permits

Fiscal Year Ending 6/30	Residential		Commercial and Industrial		Total	
	Number	Value	Number	Value	Number	Value
2018 (1)	1,008	\$ 15,385,515	112	\$ 5,413,833	1,120	\$ 20,799,348
2017	1,718	31,961,731	217	7,696,398	1,935	39,658,129
2016	2,066	40,043,128	248	43,856,231	2,314	83,899,359
2015	1,760	18,414,963	208	18,683,586	1,968	37,098,549
2014	1,670	19,474,035	216	20,359,547	1,886	39,833,582
2013	1,699	11,764,966	272	32,298,182	1,971	44,063,148
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

(1) As of December 28, 2017.

(2) 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

2016	2010	2000	1990	% Increase 1990-2016	% Increase 2000-2016	% Increase 2010-2016
10,378	10,243	9,011	8,044	29.0%	15.2%	1.3%

Source: U.S. Census Bureau and 2012-2016 American Community Survey.

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	214	2.6	5,991	2.7	24,343	2.7
50,000 to 99,999	225	2.7	7,772	3.5	29,703	3.3
100,000 to 149,999	574	6.9	26,123	11.7	81,158	9.0
150,000 to 199,999	829	9.9	43,898	19.7	139,979	15.5
200,000 to 299,999	3,080	36.9	71,475	32.1	246,071	27.3
300,000 to 499,999	2,856	34.2	51,764	23.3	233,345	25.9
500,000 to 999,999	523	6.3	13,940	6.3	104,952	11.7
1,000,000 and over	51	0.6	1,675	0.8	40,672	4.5
Total	8,352	100.0	222,638	100.0	900,223	100.0
Median Values	\$276,200		\$234,900		\$269,300	

Source: U.S. Census Bureau, 2012-2016 American Community Survey.

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Age Distribution of Housing

Year Built	Town of South Windsor		Hartford County		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent
1939 or earlier	647	6.2	75,128	20.1	334,202	22.4
1940 – 1949	275	2.6	31,312	8.4	105,566	7.1
1950 – 1959	1,415	13.6	65,726	17.5	225,824	15.1
1960 – 1969	1,606	15.5	54,349	14.5	201,812	13.5
1970 – 1979	1,345	13.0	49,910	13.3	200,614	13.4
1980 – 1989	2,616	25.2	47,731	12.7	190,755	12.8
1990 – 1999	1,333	12.8	25,016	6.7	113,584	7.6
2000 – 2009	984	9.5	22,661	6.0	104,308	7.0
2010 – 2013	143	1.4	2,400	0.6	14,673	1.0
2014 or later	14	0.1	439	0.1	2,460	0.2
Total	<u>10,378</u>	<u>100.0</u>	<u>374,672</u>	<u>100.0</u>	<u>1,493,798</u>	<u>100.0</u>

Source: U.S. Census Bureau, 2012-2016 American Community Survey.

Breakdown of Land Use

<u>Land Use Category</u>	Total Acreage By <u>Zoning</u>		Developed Acreage By <u>Land Use</u>		Undeveloped	
	<u>Percent</u>		<u>Percent</u>		<u>Acreage</u>	<u>Percent</u>
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	<u>18,366</u>	<u>100.0</u>	<u>9,669</u>	<u>100.0</u>	<u>8,697</u>	<u>100.0</u>

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

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SECTION IV - INDEBTEDNESS

Computation of Statutory Debt Limit

As of February 15, 2018 (Pro Forma)

Total Fiscal Year 2017 tax collections (including interest and lien fees)	\$ 95,528,054
State Reimbursement for Revenue Loss on:	
Tax Relief for the Elderly	2,000
Base for Establishing Debt Limit	<u>\$ 95,530,054</u>

Debt Limit

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit	Total Debt
(2.25 times base)	\$ 214,942,622					
(4.50 times base)		\$ 429,885,243				
(3.75 times base)			\$ 358,237,703			
(3.25 times base)				\$ 310,472,676		
(3.00 times base)					\$ 286,590,162	
(7.00 times base)						\$ 668,710,378

Indebtedness (Including the Bonds)

Bonds Payable	\$ 25,827,000	\$ 12,177,000	\$ 1,656,000	\$ -	\$ -	\$ 39,660,000
The Bonds (<i>This Issue</i>)	4,000,000	7,500,000	-	-	-	11,500,000
The Notes (<i>This Issue</i>)	350,000	4,500,000	-	-	-	4,850,000
State of Connecticut Clean Water Fund ("CWF")						
Project Loan Obligation (PLO) (1)	-	-	22,271,862	-	-	22,271,862
Authorized but Unissued Debt	2,002,583	71,596,383	11,723,412	-	-	85,322,378
Total Indebtedness	32,179,583	95,773,383	35,651,274	-	-	163,604,240
Exclusions (2)	-	(24,002,728)	-	-	-	(24,002,728)
Total Net Indebtedness	32,179,583	71,770,655	35,651,274	-	-	139,601,512
Excess of Limit Over Outstanding and Authorized Debt	<u>\$ 182,763,039</u>	<u>\$ 358,114,588</u>	<u>\$ 322,586,429</u>	<u>\$ 310,472,676</u>	<u>\$ 286,590,162</u>	<u>\$ 529,108,866</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 \$35,521,674 during the construction of the projects. As of February 15, 2018, the Town has received progress payments in the amount of \$11,518,946 for only the Orchard Hill Elementary School Project. (See "School Projects" herein).

Under Connecticut General Statutes, Town debt cannot exceed \$668,710,378 or seven times the debt limit base.

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Calculation of Net Direct Indebtedness

As of February 15, 2018 (Pro Forma)

Long Term Indebtedness (1)	
The Bonds (<i>This Issue</i>)	\$ 11,500,000
General Purpose	25,827,000
Schools	12,177,000
Sewers	1,656,000
State of Connecticut Project Loan Obligation (PLO) (2)	<u>22,271,862</u>
Total Long-Term Indebtedness	<u>73,431,862</u>
Short Term Indebtedness	
The Notes (<i>This Issue</i>)	<u>4,850,000</u>
Total Short Term Indebtedness	<u>4,850,000</u>
Total Direct Indebtedness	<u>78,281,862</u>
Exclusions:	
State School Building Grants Receivable	<u>-</u>
Total Net Direct Indebtedness	<u><u>\$ 78,281,862</u></u>

(1) Excludes authorized but unissued debt of \$85,322,378. (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 15, 2018 (Pro Forma)

Total Direct Indebtedness	\$78,281,862
Net Direct Indebtedness	\$78,281,862
Population (1)	25,793
Net Taxable Grand List (10/1/16)	\$2,602,708,150
Estimated Full Value	\$3,718,154,500
Equalized Net Taxable Grand List (2015) (2)	\$3,793,497,465
Per Capita Income (2016) (1)	\$46,758
Total Direct Indebtedness:	
Per Capita	\$3,035.00
To Net Taxable Grand List	3.01%
To Estimated Full Value	2.11%
To Equalized Net Taxable Grand List	2.06%
Per Capita to Per Capita Income	6.49%
Net Direct Indebtedness:	
Per Capita	\$3,035.00
To Net Taxable Grand List	3.01%
To Estimated Full Value	2.11%
To Equalized Net Taxable Grand List	2.06%
Per Capita to Per Capita Income	6.49%

(1) U.S. Census Bureau, 2012-2016 American Community Survey.

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

Historical Debt Statement

	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
Population (1)	25,793	25,793	25,793	25,793	25,793
Net taxable grand list	\$2,546,423,871	\$2,501,567,051	\$2,506,427,581	\$2,468,393,038	\$2,771,296,551
Estimated full value	\$3,637,748,387	\$3,573,667,216	\$3,580,610,830	\$3,526,275,769	\$3,958,995,073
Equalized net taxable grand list (2)	\$3,793,497,465	\$3,624,125,847	\$3,692,855,076	\$3,525,312,497	\$3,386,291,507
Per capita income (1)	\$46,758	\$46,758	\$46,758	\$46,758	\$46,758
Short-term debt	\$ 16,000,000	\$ 21,360,000	\$ 7,160,000	\$ 6,320,000	\$ 10,105,000
Long-term debt	<u>67,925,093</u>	<u>60,830,009</u>	<u>60,896,991</u>	<u>60,102,027</u>	<u>57,920,648</u>
Total Direct debt	\$ 83,925,093	\$ 82,190,009	\$ 68,056,991	\$ 66,422,027	\$ 68,025,648
Net Direct debt	\$ 83,925,093	\$ 82,190,009	\$ 68,056,991	\$ 66,422,027	\$ 68,025,648

(1) U.S. Census Bureau, 2012-2016 American Community Survey.

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

Historical Debt Ratios

	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
Total Direct Indebtedness:					
Per capita	\$3,253.79	\$3,186.52	\$2,638.58	\$2,575.20	\$2,637.37
To net taxable grand list	3.30%	3.29%	2.72%	2.69%	2.45%
To estimated full value	2.31%	2.30%	1.90%	1.88%	1.72%
To equalized net taxable grand list	2.21%	2.27%	1.84%	1.88%	2.01%
Debt per capita to per capita income	6.96%	6.81%	5.64%	5.51%	5.64%
Net Direct Indebtedness:					
Per capita	\$3,253.79	\$3,186.52	\$2,638.58	\$2,575.20	\$2,637.37
To net taxable grand list	3.30%	3.29%	2.72%	2.69%	2.45%
To estimated full value	2.31%	2.30%	1.90%	1.88%	1.72%
To equalized net taxable grand list	2.21%	2.27%	1.84%	1.88%	2.01%
Debt per capita to per capita income	6.96%	6.81%	5.64%	5.51%	5.64%

Outstanding Short-Term Indebtedness

The Town has \$4,850,000 in bond anticipation notes outstanding that mature on February 14, 2019. (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 \$3,734,923 as of June 30, 2017. 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 15, 2018
CWF PLO 459-PDC	12/21/2001	\$ 800,000	\$ 158,768
CWF PLO 109-CSL	11/30/2005	402,727	165,079
CWF PLO 135-CSL	01/01/2007	1,568,029	729,953
CWF PLO 503-C	09/28/2012	27,516,583	21,218,062
		<u>\$ 30,287,339</u>	<u>\$ 22,271,862</u>

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 Non-reimbursable Costs	Estimated Eligible Costs for Reimbursement	Estimated Reimbursement Rate	Estimated Grant
Orchard Hill Elementary School Project	\$ 33,521,724	\$ 268,416	\$ 33,253,308	34.64%	\$ 11,518,946
Eli Terry Elementary School Project	37,419,060	2,857,100	34,561,960	37.14%	12,836,312
Philip R. Smith Elementary School Project	32,480,940	2,415,200	30,065,740	37.14%	11,166,416
	<u>\$ 103,421,724</u>	<u>\$ 5,540,716</u>	<u>\$ 97,881,008</u>		<u>\$ 35,521,674</u>

Authorized but Unissued Debt

Project	Amount Authorized	Previously Bonded	Grants and Paydowns	The Bonds (This Issue)	Notes Payable	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 (1)
Orchard Hill Elementary School Project	33,521,724	8,000,000	(11,825,341)	7,500,000	4,500,000	1,696,383 (2,3)
2014 - Road / Drainage Improvements	12,000,000	7,000,000	(647,417)	4,000,000	350,000	2,583 (3)
Eli Terry Elementary School Project and Philip R. Smith Elementary School Project	69,900,000	-	-	-	-	69,900,000 (2)
Total	<u>\$ 164,421,724</u>	<u>\$ 42,516,583</u>	<u>\$ (20,232,763)</u>	<u>\$ 11,500,000</u>	<u>\$ 4,850,000</u>	<u>\$ 85,322,378</u>

- (1) The Town does not anticipate issuing any additional debt for the project.
- (2) It is estimated that the Town will receive State of Connecticut School Construction grant progress payments in the amount of \$35,521,674 during the construction of the projects. As of February 15, 2018, the Town has received progress payments in the amount of \$11,518,946 for only the Orchard Hill Elementary School Project. (See "School Projects" herein).
- (3) Authorized but unissued amounts also reduced for the transfer of unexpended bond proceeds to these projects.

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 2018-2022 Plan projects a total of \$42,482,000. Over the five 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.

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

As of February 15, 2018 (Pro Forma)

Fiscal Year	Existing Indebtedness			The Bonds Principal	Principal All Issues (1)
	Principal Payments (1)	Interest Payments	Total Debt Payments (1)		
2017-18	\$ 5,282,966	\$ 1,897,438	\$ 7,180,404	\$ -	\$ 5,282,966
2018-19	4,820,981	1,699,672	6,520,653	390,000	5,210,981
2019-20	4,709,562	1,537,466	6,247,028	580,000	5,289,562
2020-21	4,993,719	1,376,259	6,369,978	585,000	5,578,719
2021-22	4,853,992	1,196,982	6,050,974	585,000	5,438,992
2022-23	4,774,358	1,026,932	5,801,290	585,000	5,359,358
2023-24	4,159,318	878,565	5,037,883	585,000	4,744,318
2024-25	4,052,865	791,034	4,843,899	585,000	4,637,865
2025-26	4,081,582	691,931	4,773,513	585,000	4,666,582
2026-27	3,990,731	591,531	4,582,262	585,000	4,575,731
2027-28	3,992,917	495,718	4,488,635	585,000	4,577,917
2028-29	3,508,555	404,785	3,913,340	585,000	4,093,555
2029-30	3,524,812	319,273	3,844,085	585,000	4,109,812
2030-31	3,541,699	231,897	3,773,596	585,000	4,126,699
2031-32	3,039,230	151,366	3,190,596	585,000	3,624,230
2032-33	1,801,217	84,863	1,886,080	585,000	2,386,217
2033-34	780,000	41,250	821,250	585,000	1,365,000
2034-35	485,000	22,050	507,050	585,000	1,070,000
2035-36	250,000	7,500	257,500	585,000	835,000
2036-37	-	-	-	585,000	585,000
2037-38	-	-	-	585,000	585,000
Total	<u>\$ 66,643,504</u>	<u>\$ 13,446,512</u>	<u>\$ 80,090,016</u>	<u>\$ 11,500,000</u>	<u>\$ 78,143,504</u>

(1) Total includes principal payments of \$4,711,644 made between July 1, 2017 and February 15, 2018.

Source: Town of South Windsor, Finance Department.

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Schedule of Long Term Debt through Maturity – General Fund

As of February 15, 2018 (Pro Forma)

Fiscal Year	Existing Indebtedness			The Bonds Principal	Principal All Issues (1)
	Principal Payments (1)	Interest Payments	Total Debt Payments (1)		
2017-18	\$ 3,895,000	\$ 1,448,345	\$ 5,343,345	\$ -	\$ 3,895,000
2018-19	3,405,000	1,278,594	4,683,594	390,000	3,795,000
2019-20	3,265,000	1,144,969	4,409,969	580,000	3,845,000
2020-21	3,520,000	1,012,919	4,532,919	585,000	4,105,000
2021-22	3,395,000	863,019	4,258,019	585,000	3,980,000
2022-23	3,290,000	722,344	4,012,344	585,000	3,875,000
2023-24	2,645,000	603,938	3,248,938	585,000	3,230,000
2024-25	2,510,000	546,972	3,056,972	585,000	3,095,000
2025-26	2,530,000	478,788	3,008,788	585,000	3,115,000
2026-27	2,495,000	408,981	2,903,981	585,000	3,080,000
2027-28	2,475,000	343,213	2,818,213	585,000	3,060,000
2028-29	1,960,000	282,919	2,242,919	585,000	2,545,000
2029-30	1,945,000	228,663	2,173,663	585,000	2,530,000
2030-31	1,930,000	173,175	2,103,175	585,000	2,515,000
2031-32	1,395,000	125,175	1,520,175	585,000	1,980,000
2032-33	1,385,000	83,475	1,468,475	585,000	1,970,000
2033-34	780,000	41,250	821,250	585,000	1,365,000
2034-35	485,000	22,050	507,050	585,000	1,070,000
2035-36	250,000	7,500	257,500	585,000	835,000
2036-37	-	-	-	585,000	585,000
2037-38	-	-	-	585,000	585,000
Total	<u>\$ 43,555,000</u>	<u>\$ 9,816,289</u>	<u>\$ 53,371,289</u>	<u>\$ 11,500,000</u>	<u>\$ 54,470,000</u>

(1) Total includes principal payments of \$3,895,000 made between July 1, 2017 and February 15, 2018.

Source: Town of South Windsor, Finance Department.

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Schedule of Long Term Debt through Maturity – Sewer Operating Fund

As of February 15, 2018 (Pro Forma)

Fiscal Year	Existing Indebtedness		
	Principal Payments (1)	Interest Payments	Total Debt Service (1)
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>\$ 23,088,504</u>	<u>\$ 3,630,223</u>	<u>\$ 26,718,727</u>

(1) Total includes principal payments of \$816,644 made between July 1, 2017 and February 15, 2018.

Source: Town of South Windsor, Finance Department.

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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, 2017. 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.

Connecticut General Statutes Section 4-66l, as amended ("Section 4-66l"), creates certain disincentives on increasing adopted budget expenditures for municipalities in Connecticut. Beginning in fiscal year 2018, the Office of Policy and Management ("OPM") must reduce the amount of the municipal revenue sharing grant for those municipalities whose increase in its adopted budget expenditures, with certain exceptions, exceed the spending limit specified in the general statutes. The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar by which the municipality's adopted budget exceeds the expenditure cap. A municipality whose population increased from the previous fiscal year, as determined by OPM, may increase its adopted budget expenditures over the expenditure cap by an amount proportionate to its population growth. Section 4-66l requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the spending limit, and if so, the amount by which the limit was exceeded. For fiscal years ending June 30, 2018 and June 30, 2019, the Town will not receive municipal revenue sharing grant moneys from the state. For fiscal year ending June 30, 2018 the Town has certified to OPM that budgetary expenditures will not exceed the 2.5% cap.

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

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.

The Town has implemented Government Accounting Standards Board's ("GASB") Statement No. 67 effective Fiscal Year 2014. Net position is based on fair market value as of June 30 and the Total Pension Liability is based on the actuarial assumptions as of the prior valuation date updated to July 1, 2016. The date of the Town's most recent actuarial valuation was July 1, 2017.

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

	Town Employees			
	2017	2016	2015	2014
Total pension liability	\$ 44,403,410	\$ 42,448,680	\$ 37,268,971	\$ 36,193,548
Plan fiduciary net position	26,252,949	23,130,493	23,202,956	22,654,346
Net pension liability	<u>\$ 18,150,461</u>	<u>\$ 19,318,187</u>	<u>\$ 14,066,015</u>	<u>\$ 13,539,202</u>
Plan fiduciary net position as a % of total pension liability	59.1%	54.5%	62.3%	62.6%

	Board of Education Employees			
	2017	2016	2015	2014
Total pension liability	\$ 16,742,769	\$ 16,067,007	\$ 13,834,335	\$ 12,627,232
Plan fiduciary net position	13,295,535	11,918,713	11,990,119	12,119,077
Net pension liability	<u>\$ 3,447,234</u>	<u>\$ 4,148,294</u>	<u>\$ 1,844,216</u>	<u>\$ 508,155</u>
Plan fiduciary net position as a % of total pension liability	79.4%	74.2%	86.7%	96.0%

The following represents the net pension liability of the Town and the Board of Education, calculated using the discount rate of 7.00%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Town's Net Position Liability	\$ 24,251,961	\$ 18,150,461	\$ 14,656,448
Board of Education's Net Position Liability	5,618,074	3,447,234	2,271,412

Based upon a July 1, 2017 actuarial valuation, the actuarial value of assets and actuarial liabilities for the Plans 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)]
1/1/2013	\$ 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)
7/1/2015	23,516,596	40,746,714	(17,230,118)	57.7%	4,540,844	(379.4)
7/1/2016	25,013,200	43,482,335	(18,469,135)	57.5%	4,177,838	(442.1)
7/1/2017	26,896,653	41,775,377	(14,878,724)	64.4%	5,634,675	(264.1)

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)]
1/1/2013	\$ 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)
7/1/2015	12,130,210	15,209,515	(3,079,305)	79.8%	3,274,814	(94.0)
7/1/2016	12,862,906	16,274,991	(3,412,085)	79.0%	3,133,452	(108.9)
7/1/2017	13,637,467	15,785,520	(2,148,053)	86.4%	3,897,575	(55.1)

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Schedule of Employer Contributions

Town Pension Fund

Year Ended June 30	Actuarial Required Contribution	Percentage Contributed
2014	\$ 1,686,734	100.0%
2015	1,727,470	100.0%
2016	1,727,470	100.0%
2017	1,820,733	100.0%
2018	1,956,477	100.0%

Board of Education Pension Fund

Year Ended June 30	Actuarial Required Contribution	Percentage Contributed
2014	\$ 450,378	204.8%
2015	535,965	50.1%
2016	535,965	100.0%
2017	549,460	100.0%
2018 (1)	603,433	100.0%

(1) As budgeted for fiscal year 2017-18.

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, 2018, 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, has prepared a report, dated July 1, 2015, in compliance with Government Accounting Standards Board ("GASB") Statement No. 45 which included Town and Board of Education employees. As part of the valuation, Milliman determined an implicit rate subsidy where applicable, and employed a 7.0% discount rate.

Schedule of Funding Progress

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%
7/1/2015	1,448,000	9,573,000	(8,125,000)	15.1%

Schedule of Employer Contributions

Year Ended June 30	Actuarial Required Contribution	Percentage Contributed
2014	\$ 864,000	107.0%
2015	1,007,276	100.0%
2016	1,007,276	102.0%
2017	881,000	100.0%
2018	905,326	100.0%

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; and (2) the State of Connecticut Short-Term Investment Fund.

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

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.

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle tax rate at 32.00 mills for the assessment year commencing October 1, 2016, and each assessment year thereafter. Section 4-66l of the General Statutes, as amended, diverts a portion of state collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The Town's motor vehicle tax rates for the current 2016 assessment year is 32.00 mills.

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 (8%) 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 lien for delinquent taxes within one year after the tax due date.

Motor Vehicle Property Tax Rate

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle tax rate at 39.00 mills for the assessment year commencing October 1, 2016, and 45.00 mills for the assessment year commencing October 1, 2017, and each assessment year thereafter. Section 4-66l of the General Statutes, as amended, diverts a portion of state collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The Town's motor vehicle tax rates for the current 2016 assessment year (the fiscal year ending June 30, 2018) is 37.00 mills.

Property Tax Levies and Collections

Fiscal Year Ending 6/30	Taxable Grand List	Tax Rate (In Mills)	Adjusted Tax Levy	% Annual Levy Collected In Process	Uncollected Taxes	
					End of Each Fiscal Year In Process	As of 6/30/17 In Process
2018 (2)	\$ 2,602,708,150	38.08	\$ 96,284,070			
2017	2,546,423,871	37.34	95,502,476	98.7	\$ 1,255,466	\$ 1,255,466
2016	2,501,567,051	36.54	91,894,135	98.9	1,002,795	557,418
2015	2,506,427,581	35.51	89,399,738	98.4	1,433,906	422,858
2014*	2,468,393,038	34.90	86,279,650	98.6	1,236,937	316,904
2013	2,771,296,551	29.43	81,652,659	98.7	1,086,502	198,044
2012	2,740,622,596	28.78	78,796,861	98.7	1,043,950	146,025
2011	2,731,391,588	28.34	77,518,490	98.7	978,892	171,851
2010	2,721,963,795	27.84	75,361,514	98.5	1,104,861	146,210
2009*	2,680,367,627	27.42	73,246,521	98.7	986,560	105,180

(1) The State of Connecticut enacted a Motor Vehicle Mill Rate Cap of 39 mills effective for the assessment year commencing on October 1, 2016 and 45 mills each assessment year thereafter. (See "Motor Vehicle Property Tax Rate" herein).

(2) Fiscal year 2017-18 adopted budget.

* Indicates years of revaluations.

Source: Town of South Windsor Assessor's Office.

Taxable Grand List ⁽¹⁾

Grand List Dated	Real Property	Personal Property	Motor Vehicle Property	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List
10/01/16	\$ 2,354,986,979	\$ 340,605,990	\$ 225,387,225	\$ 2,920,980,194	\$ 318,272,044	\$ 2,602,708,150
10/01/15	2,160,395,641	272,704,520	217,673,720	2,650,773,881	104,350,010	2,546,423,871
10/01/14	2,135,729,111	261,120,500	217,444,060	2,614,293,671	112,726,620	2,501,567,051
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

(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

Name	Nature of Business	Valuation as of 10/01/16
Eversource	Utility	\$ 92,924,890
Evergreen Walk Lifestyle Center	Real Estate	31,322,700
Aldi Inc.	Distribution	24,066,830
FedEx Ground Package	Distribution	17,455,250
Federated Retail Holdings	Retailing/Distributor	11,914,200
DST Realty	Printer	14,044,880
Town Center of South Windsor	Real Estate	12,383,780
Connecticut Water Company	Utility	12,348,800
Computer Sciences Corp.	Retail	10,970,120
Carla's Pasta	Retail	10,748,800
Total		<u>\$ 238,180,250</u> ⁽¹⁾

(1) Represents 9.15% of the net taxable grand list of \$2,602,708,150.

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 2012-2016 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

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Property Tax Revenues</u>	<u>Property Tax As a % of General Fund Revenues</u>
2018 (Adopted Budget)	\$ 109,775,245	\$ 98,239,070	89.5
2017	124,894,170	95,483,270	76.5
2016	117,077,453	92,999,372	79.4
2015	111,719,918	89,316,302	79.9
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

Source: Annual audited financial statements, fiscal year 2017-18 adopted budget are provided on a budgetary basis and do not include on-behalf payments for the state teachers' retirement which was \$12,923,442 for fiscal year ending June 30, 2017.

Intergovernmental Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>State and Federal Aid</u>	<u>Aid As % of General Fund Revenue</u>
2018 (Adopted Budget)	\$ 109,775,245	\$ 9,790,175	8.9
2017	124,894,170	27,351,197	21.9
2016	117,077,453	21,589,783	18.4
2015	111,719,918	20,827,429	18.6
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

Source: Annual audited financial statements, fiscal year 2017-18 adopted budget are provided on a budgetary basis and do not include on-behalf payments for the state teachers' retirement which was \$12,923,442 for fiscal year ending June 30, 2017.

Expenditures

<u>Fiscal Year</u>	<u>Board of Education %</u>	<u>Public Safety %</u>	<u>Public Works %</u>	<u>Debt Service %</u>	<u>Insurance & Sundry %</u>	<u>General Government %</u>
2018 (Adopted Budget)	63.8	8.1	7.3	7.1	6.7	3.6
2017	69.4	7.0	6.4	6.0	5.2	2.9
2016	68.3	7.2	6.3	6.1	5.8	2.9
2015	68.0	7.4	6.7	5.7	5.9	3.0
2014	69.4	7.1	6.2	5.0	6.1	3.1
2013	69.9	7.1	6.2	4.3	6.0	3.0
2012	69.5	7.2	6.4	4.8	5.7	3.0
2011	68.8	7.1	6.5	5.3	5.8	3.2
2010	69.2	6.7	7.6	5.2	5.6	3.3
2009	68.7	6.8	8.1	5.2	5.4	3.4

Source: Annual audited financial statements, fiscal year 2017-18 adopted budget are provided on a budgetary basis and do not include on-behalf payments for the state teachers' retirement which was \$12,923,442 for fiscal year ending June 30, 2017.

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

	Fiscal Year 2016-17			FY 2017-18
	Final Budget	Actual	Variance Favorable (Unfavorable)	Adopted Budget
REVENUES				
Property taxes	\$ 95,475,040	\$ 95,483,270	\$ 8,230	\$ 98,239,070
Intergovernmental revenue	14,659,398	14,427,755	(231,643)	9,790,175
Charges for services	1,471,500	1,833,177	361,677	1,571,000
Interest income	50,000	226,526	176,526	175,000
TOTAL REVENUES	111,655,938	111,970,728	314,790	109,775,245
EXPENDITURES				
General government	3,775,338	3,594,575	180,763	3,966,626
Public safety	8,977,986	8,566,056	411,930	9,044,210
Public works	8,096,702	7,665,747	430,955	8,197,921
Human services	1,031,621	966,590	65,031	1,070,439
Culture and recreation	3,054,007	2,920,400	133,607	2,739,348
Education	71,752,070	71,752,070	-	71,207,917
Insurance and benefits	6,602,166	6,256,908	345,258	7,460,365
Other	112,158	77,558	34,600	-
Debt service	7,330,505	7,271,341	59,164	7,978,505
TOTAL EXPENDITURES	110,732,553	109,071,245	1,661,308	111,665,331
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES:	923,385	2,899,483	1,976,098	(1,890,086)
OTHER FINANCING SOURCES (USES):				
Appropriation of fund balance	850,000	-	(850,000)	1,000,000
Premiums on bond issuance	-	739,043	739,043	-
Cancellation of prior years encumbrance	-	118,957	118,957	-
Operating transfers in	57,240	52,455	(4,785)	2,387,240
Operating transfers out	(1,830,326)	(1,830,326)	-	(1,497,154)
TOTAL OTHER FINANCING SOURCES (USES):	(923,086)	(919,871)	3,215	1,890,086
NET CHANGES IN FUND BALANCE	\$ 299	\$ 1,979,612	\$ 1,979,313	\$ -

Source: Audited financials for fiscal year 2016-17 and fiscal year 2017-18 budget document.

Comparative Balance Sheets - General Fund

	2013	2014	2015	2016	2017
ASSETS					
Cash and cash equivalents	\$ 15,010,269	\$ 16,158,229	\$ 19,023,921	\$ 34,992,842	\$ 30,266,460
Receivables:					
Property taxes	2,543,256	2,866,477	3,303,885	2,664,547	2,940,991
Intergovernmental	200,421	8,599	8,599	21,522	21,522
Other	1,450,479	2,331,255	2,363,878	2,154,842	2,219,355
Due from other funds	3,729,481	754,517	843,086	329,253	468,381
Other assets	17,508	18,722	970	-	2,442
Total Assets	\$ 22,951,414	\$ 22,137,799	\$ 25,544,339	\$ 40,163,006	\$ 35,919,151
LIABILITIES DEFERRED INFLOWS OR RESOURCES AND FUND BALANCE					
Liabilities:					
Accounts payable and accrued liabilities	\$ 2,028,412	\$ 2,296,871	\$ 2,522,895	\$ 2,508,821	\$ 3,101,447
Due to other funds	10,128,835	8,114,699	10,838,131	23,259,416	15,832,198
Unearned revenue	106,203	-	-	-	-
Total liabilities	12,263,450	10,411,570	13,361,026	25,768,237	18,933,645
Deferred inflows of resources:					
Unavailable revenue - property taxes	3,785,889	4,674,166	5,313,792	4,237,123	4,860,737
Advance property tax collections	225,349	22,558	11,159	25,766	1,032,963
Total deferred inflows of resources	4,011,238	4,696,724	5,324,951	4,262,889	5,893,700
Fund balance:					
Nonspendable	17,508	18,722	970	-	2,442
Assigned	1,616,470	1,772,742	1,527,753	2,096,625	1,621,867
Unassigned	5,042,748	5,238,041	5,329,639	8,035,255	9,467,497
Total fund balance	6,676,726	7,029,505	6,858,362	10,131,880	11,091,806
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 22,951,414	\$ 22,137,799	\$ 25,544,339	\$ 40,163,006	\$ 35,919,151

Source: Annual audited financial statements.

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

	2013	2014	2015	2016	2017
REVENUES					
Property taxes	\$ 81,674,471	\$ 86,482,924	\$ 89,316,302	\$ 92,999,372	\$ 95,483,270
Intergovernmental	21,232,260	22,758,513	20,827,429	21,589,783	27,351,197
Charges for services	1,641,788	1,335,659	1,523,569	2,379,396	1,833,177
Investment earnings	34,714	38,898	52,618	108,902	226,526
TOTAL REVENUES	104,583,233	110,615,994	111,719,918	117,077,453	124,894,170
EXPENDITURES					
Current:					
General government	3,113,808	3,348,175	3,324,922	3,292,016	3,570,625
Public safety	7,275,085	7,785,296	8,163,311	8,111,848	8,555,095
Public works	6,333,972	6,765,546	7,406,192	7,073,306	7,879,433
Human services	938,051	936,966	909,718	871,198	993,195
Culture and recreation	2,558,160	2,596,778	2,728,344	2,804,943	2,868,468
Education	71,405,984	76,012,600	75,058,105	76,768,518	85,322,089
Insurance and benefits	6,090,641	6,630,836	6,467,843	6,556,833	6,340,930
Debt Service	4,418,905	5,483,521	6,255,201	6,874,897	7,365,581
TOTAL EXPENDITURES	102,134,606	109,559,718	110,313,636	112,353,559	122,895,416
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,448,627	1,056,276	1,406,282	4,723,894	1,998,754
OTHER FINANCING SOURCES (USES)					
Premium on bonds issued	-	68,173	78,540	207,067	739,043
Operating transfers in	63,367	60,310	55,258	57,537	52,455
Operating transfers out	(888,605)	(831,980)	(1,711,223)	(1,714,980)	(1,830,326)
TOTAL OTHER FINANCING SOURCES (USES)	(825,238)	(703,497)	(1,577,425)	(1,450,376)	(1,038,828)
CHANGE IN FUND BALANCE	1,623,389	352,779	(171,143)	3,273,518	959,926
Fund Balance - Beginning of year	5,053,337	6,676,726	7,029,505	6,858,362	10,131,880
Fund Balance - End of year	<u>\$ 6,676,726</u>	<u>\$ 7,029,505</u>	<u>\$ 6,858,362</u>	<u>\$ 10,131,880</u>	<u>\$ 11,091,806</u>

Source: Annual audited financial statements.

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 opinions with respect to the Bonds and the Notes in substantially the form included in this Official Statement as Appendices B and C, respectively.

Municipal Advisor

The Town has retained Independent Bond and Investment Consultants LLC ("IBIC LLC") of Madison, Connecticut, as municipal 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 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 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 benefit of holders of certain of its bonds and notes, to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). During the last five (5) years, the Town has not failed to comply, in all material respects, with any of its undertakings in its continuing disclosure agreements, except for a failure to provide or to cross-reference by February 28, 2013 and 2014 certain operating data for fiscal years June 30, 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 years June 30, 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. Commencing with fiscal year ending June 30, 2016, the Town has prepared a comprehensive annual financial report which will include the required operating data.

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. Signature and No Litigation Certificates stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds and the Notes or the levy or collection of taxes to pay the principal of and interest on the Bonds and the Notes;
2. A certificate on behalf of the Town, signed by the Town Manager and Town Treasurer which will be dated the date of delivery 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. Receipts 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 forms attached hereto as Appendices D and E, respectively; and
6. The Town will make available to the winning purchaser of the Bonds fifty (50) copies and the winning purchaser of the Notes fifteen (15) copies of the Official Statement at the Town's expense and delivered not later than seven business days after the bid opening. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. If the Town's 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 / Anitha Elango
Anitha Elango
Town Treasurer

Dated: February 1, 2018

APPENDIX A - AUDITED FINANCIAL STATEMENTS

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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, 2017 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, 2017, 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of South Windsor, Connecticut, as of June 30, 2017 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.

Changes in Accounting Principles

As discussed in Note 11 and Note 13 to the financial statements, during the fiscal year ended June 30, 2017, the Town adopted new accounting guidance, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, and GASB Statement No. 77, *Tax Abatement Disclosures*. Our opinion is not modified with respect to these matters.

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-57 through A-62 and the pension and OPEB schedules on pages A-63 through A-71 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 21, 2017

**TOWN OF SOUTH WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

As management of the Town of South Windsor our discussion and analysis of the Town's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the transmittal letter and the basic financial statements to enhance understanding of the Town's financial performance.

Financial Highlights

- Total net position of our governmental activities at the end of the fiscal year was \$140,149,314, an increase of \$14,850,530 or 11.8% over the previous fiscal year. Of the Town's total net position at June 30, 2017, \$6,257,477 is unrestricted and may be used to meet the operating needs of the Town.
- On a government wide basis, revenues totaled \$154,608,482 while expenses equaled \$139,757,952.
- Total cost of all of the Town's government programs was \$14,850,530 less than the generated revenues. No new programs were added this year.
- The Town bonded \$11,860,000 to permanently fund \$360,000 for various school projects, \$7,500,000 for the new Orchard Hill School construction and \$4,000,000 for road and drainage improvements. In addition, the Town issued \$16,000,000 in Bond Anticipation Notes to provide temporary financing for road and drainage improvements and the new Orchard Hill School construction.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Proprietary Funds (Exhibits V to VII)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. The Town's proprietary fund consists of the Town's internal service fund and is used to report the Town's self-insurance program.
- *Fiduciary Funds (Exhibits VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plans and other post-employment benefit plans. All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

The Town's government-wide activities net position changed from a year ago, increasing from \$125,298,784 to \$140,149,314. Net position may serve over time as a useful indicator of a Town's financial position and an important determinant of its ability to finance services in the future. Town of South Windsor's total assets and deferred outflows exceeded liabilities and deferred inflows by \$14,850,530 at the close of the most recent fiscal year.

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

**TABLE 1
NET POSITION**

	Governmental Activities	
	2017	2016
Current assets	\$ 45,600,549	\$ 50,544,868
Capital assets, net of accumulated depreciation	221,464,525	197,449,200
Total assets	<u>267,065,074</u>	<u>247,994,068</u>
Deferred outflows of resources	<u>4,607,275</u>	<u>8,318,920</u>
Long-term liabilities outstanding	25,555,188	32,504,561
Other liabilities	103,937,374	98,173,624
Total liabilities	<u>129,492,562</u>	<u>130,678,185</u>
Deferred inflows of resources	<u>2,030,473</u>	<u>336,019</u>
Net Position:		
Net investment in capital assets	133,891,837	121,725,879
Unrestricted	<u>6,257,477</u>	<u>3,572,905</u>
Total Net Position	<u>\$ 140,149,314</u>	<u>\$ 125,298,784</u>

**TABLE 2
CHANGE IN NET POSITION**

	Governmental Activities	
	2017	2016
Revenues:		
Program revenues:		
Charges for services	\$ 12,579,081	\$ 11,855,782
Operating grants and contributions	30,391,947	25,240,431
Capital grants and contributions	13,076,946	1,470,155
General revenues:		
Property taxes	96,106,885	91,922,703
Grants and contributions not restricted to specific purposes	2,146,206	1,603,494
Unrestricted investment earnings	251,754	121,033
Other general revenues	55,663	32,101
Total revenues	<u>154,608,482</u>	<u>132,245,699</u>
Expenses:		
General government	7,534,628	9,644,225
Public safety	11,059,584	12,259,882
Public works	15,615,857	15,648,511
Human services	1,805,965	1,516,678
Culture and recreation	5,922,105	7,649,148
Education	96,033,281	83,800,549
Debt service	1,786,532	1,619,954
Total expenses	<u>139,757,952</u>	<u>132,138,947</u>
Increase in Net Position	14,850,530	106,752
Beginning Net Position	<u>125,298,784</u>	<u>125,192,032</u>
Ending Net Position	<u>\$ 140,149,314</u>	<u>\$ 125,298,784</u>

As noted above, total revenues were \$154,608,482 and the total cost of all programs and services was \$139,757,952. Our analysis below considers the operations of the fiscal year's governmental activities.

Governmental Activities

The Town's net position increased \$14,850,530 during the current fiscal year. This increase reflects total revenues generated through increased property tax revenues, and other various revenues that exceed operating costs. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements changed from \$3.5 million at June 30, 2016 to \$6.2 million at the end of this year.

For governmental activities, approximately 62.2% of the revenues were derived from property taxes, followed by 19.6% in other intergovernmental revenues and 8.1% in charges for services. The category with the greatest increase is capital grants and contributions. This increase of \$11,606,791 is being driven by reimbursements from the State for construction of a new elementary school and for reimbursements for road projects. Operating grants and property tax collections increased over previous year by \$5,151,516 and \$4,184,182 respectively.

Major revenue factors included:

- Property tax revenues recorded during fiscal year 2017 reflect a .80 mill increase in the mill rate for the current levy and the impact of a 1.86% growth in the grand list. There was \$2,616,557 more in property tax revenues collected over the previous year.
- Charges for services were \$723,299 greater than the prior year due to building permit activity due to several large economic development programs.

- Operating grants reflected an increase of \$5,151,516 mainly due to State and Federal grants funding payments for Education and increases in the State Teacher Retirement Revenue.
- Capital grants and contributions reflected an increase of \$11,606,791 over the previous year due to grant reimbursement requests for construction costs on the new Orchard Hill Elementary School.

For governmental activities, 68.7% of the Town's expenditures relate to education, 11.2% to public works, 7.9% to public safety, 5.4% for general government and 4.2% to culture and recreation. These percentages are fairly consistent with the prior year.

During the state budget sessions in February of 2017, there was discussion that municipal aid to Towns would likely be cut. Although this ultimately did not happen, The Town Manager took a conservative approach and instituted a spending freeze for all departments. Unfilled positions in Building Maintenance, Police and Public Works combined with mild winter temperatures resulted in lower than expected salary costs.

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

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

**GOVERNMENTAL ACTIVITIES
TABLE 3**

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
General government	\$ 7,534,628	\$ 9,644,225	\$ (3,757,666)	\$ (7,102,442)
Public safety	11,059,584	12,259,882	(10,856,904)	(11,873,991)
Public works	15,615,857	15,648,511	1,568,040	(9,359,254)
Human services	1,805,965	1,516,678	(1,334,384)	(1,202,107)
Culture and recreation	5,922,105	7,649,148	(3,304,386)	(5,079,776)
Education	96,033,281	83,800,549	(64,238,146)	(57,335,055)
Debt service	1,786,532	1,619,954	(1,786,532)	(1,619,954)
Total	<u>\$ 139,757,952</u>	<u>\$ 132,138,947</u>	<u>\$ (83,709,978)</u>	<u>\$ (93,572,579)</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 \$11,185,828, inclusive of an unassigned fund balance of \$5,081,097.

The General Fund is the operating fund of the Town. Fund balance of the Town's General Fund increased by \$959,926 during the current fiscal year. At June 30, 2017, unassigned fund balance of the General Fund was \$9,467,497 while total fund balance was \$11,091,806. The increase in fund balance is due to greater than expected revenues for building permits, recording fees and investment earnings combined with expenditure savings in Public Safety, Public Works and Insurance and Benefit line items.

The Town's collection rate in fiscal year 2017 was 98.7%, 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 2016/2017 was \$112,563,178. Education expenses continued to be the largest component at 63.7%, followed by public safety at 7.9%, and public works at 7.2%.

During the year, actual revenues and other financing sources on a budgetary basis were \$112,881,183 which exceeded budgetary estimates by \$318,005. Charges for current services exceeded budget expectations by \$361,677 primarily due to increased activity for building permits, higher Town Clerk fees, a member equity distribution and proceeds from a Town Garage auction. The building permit fees collected reflect the increased activity in new construction and economic development. Investment income was \$176,526 over budget due to investing a portion of cash not currently needed into longer term investments for higher interest rates. These favorable variances were offset by Operating grants and contributions by (\$231,643) due to unexpected mid-year cuts from the State for student transportation.

Actual expenditures on a budgetary basis and other financing uses totaled \$110,901,147, which was less than budgeted by \$1,661,308. Total general government accounts were under budget by \$180,763 due to payroll savings and cost containment due to a Town-wide spending freeze. Public Safety and Public Works and Recreation accounts contributed \$411,930, \$430,955 and \$133,607 respectively to the overall positive variance due to unfilled positions, overtime savings and the spending freeze.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Asset

The Town of South Windsor's investment in capital assets as of June 30, 2017 totals \$221,464,525 (net of accumulated depreciation). This investment in capital assets includes land, buildings, roads, bridges, machinery and equipment, vehicles park facilities, wastewater collection systems and construction in progress. The increase in total capital assets, net of depreciation, over the prior fiscal year was \$24,015,325.

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

- Construction in Progress increases for a new elementary school, road and drainage projects funded by bonds and bond anticipation notes;
- Addition of general government and road infrastructure projects financed by bonds and capital budget and;
- Depreciation expense in the amount of \$5,003,778.

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

TABLE 4
CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities	
	2017	2016
Land	\$ 17,892,095	\$ 17,892,095
Buildings	62,173,094	63,704,078
Improvements other than buildings	17,501,453	18,353,629
Furniture and equipment	6,065,616	5,621,311
Infrastructure	76,471,352	77,659,414
Construction in progress	41,360,915	14,218,673
Total	<u>\$ 221,464,525</u>	<u>\$ 197,449,200</u>

Long-Term Debt

At June 30, 2017, the Town had \$67,925,093 in bonds and notes outstanding versus \$60,830,009 last year, an increase of 11.6%. All of the debt is backed by the full faith and credit of the Town.

The Town issued bond anticipation notes (BANS) in the amount of \$16,000,000 for road infrastructure projects and the construction of a new elementary school and road and drainage projects. The plan is to issue bonds after projects are completed and after the opening of the new school in August 2017.

In March 2013 the Town was authorized to bond \$33 million for the construction of the new Orchard Hill Elementary School and in March 2017 the Town was authorized to bond \$69.9 million to construct two additional elementary schools. Both projects are part of the Board of Education 10-year elementary facilities plan.

The Town of South Windsor maintains an AA+ rating for Standard and Poor's and an Aa2 rating from Moody's Investors Service. The overall statutory debt limit for the Town of South Windsor is equal to seven times annual receipts from taxation or \$668 million. As of June 30, 2017, the Town recorded total net debt of \$83 million, well below its statutory debt limits.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town Council considered many factors when setting the fiscal year 2017-2018 budget. Overall economic conditions as well as citizens' ability to sustain an increase in taxes continue to be primary concerns of town officials. The mill rate for the Town was increased .74 mills to 38.08 for Real Estate and Personal Property and the Motor Vehicle Mill Rate decreased by 5 mills to 32.00 per the State cap.

General fund spending increased by \$599,307, an increase of .53% over the fiscal year 2017 budget. The largest increase was to Debt service with an increase of \$647,999 due to bonding for new elementary school. With State grant revenues in flux, budgets for the Board of Education decreased over previous years (\$544,153) as did Culture & Leisure (\$314,659). Grand list growth was 2.21%, which aided in keeping tax increase reasonable, considered loss of state funding.

Unemployment (not seasonally adjusted) in the Town as of October 2016 was 4.1% versus 4.4% for October 2015. The State's unemployment rate was 5.1% and 5.6% and the national rate was 4.7% and 5.3% for the same time period.

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, 2017

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 35,387,952
Investments	101,037
Receivables, net	10,035,615
Inventory	23,201
Prepaid items	7,667
Other assets	45,077
Capital assets not being depreciated	59,253,010
Capital assets being depreciated, net of accumulated depreciation	162,211,515
Total assets	<u>267,065,074</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	1,002,567
Deferred outflows related to pensions	3,604,708
Total deferred outflows of resources	<u>4,607,275</u>
Liabilities:	
Accounts payable and accrued liabilities	7,167,926
Unearned revenue	2,387,262
Notes payable	16,000,000
Noncurrent liabilities:	
Due within one year	7,429,420
Due in more than one year	96,507,954
Total liabilities	<u>129,492,562</u>
Deferred Inflows of Resources:	
Advance property tax collections	1,032,963
Deferred inflows related to pensions	997,510
Total deferred inflows of resources	<u>2,030,473</u>
Net Position:	
Net investment in capital assets	133,891,837
Unrestricted	6,257,477
Total Net Position	<u>\$ 140,149,314</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, 2017**

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	\$ 7,534,628	\$ 1,623,465	\$ 207,271	\$ 1,946,226	\$ (3,757,666)
Public safety	11,059,584	151,502	51,178		(10,856,904)
Public works	15,615,857	5,606,794	446,383	11,130,720	1,568,040
Human services	1,805,965	354,339	117,242		(1,334,384)
Culture and recreation	5,922,105	2,570,164	47,555		(3,304,386)
Education	96,033,281	2,272,817	29,522,318		(64,238,146)
Interest on long-term debt	1,786,532				(1,786,532)
Total	<u>\$ 139,757,952</u>	<u>\$ 12,579,081</u>	<u>\$ 30,391,947</u>	<u>\$ 13,076,946</u>	<u>(83,709,978)</u>
General revenues:					
Property taxes					96,106,885
Grants and contributions not restricted to specific programs					2,146,206
Unrestricted investment earnings					251,754
Miscellaneous					55,663
Total general revenues					<u>98,560,508</u>
Change in net position					14,850,530
Net Position at Beginning of Year					<u>125,298,784</u>
Net Position at End of Year					<u>\$ 140,149,314</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTH WINDSOR, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Sewer Operating Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 30,266,460	\$	\$ 49,881	\$ 1,776,322	\$ 32,092,663
Investments				101,037	101,037
Receivables, net	5,181,868	3,405,188	680,926	68,070	9,336,052
Due from other funds	468,381	11,817,242	945,499	3,069,457	16,300,579
Other assets	<u>2,442</u>			<u>28,426</u>	<u>30,868</u>
Total Assets	<u>\$ 35,919,151</u>	<u>\$ 15,222,430</u>	<u>\$ 1,676,306</u>	<u>\$ 5,043,312</u>	<u>\$ 57,861,199</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 3,101,447	\$ 1,738,695	\$ 156,565	\$ 416,198	\$ 5,412,905
Due to other funds	15,832,198			468,381	16,300,579
Notes payable		16,000,000			16,000,000
Unearned revenue		1,870,135		517,127	2,387,262
Total liabilities	<u>18,933,645</u>	<u>19,608,830</u>	<u>156,565</u>	<u>1,401,706</u>	<u>40,100,746</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	4,860,737				4,860,737
Unavailable revenue - sewer use			680,925		680,925
Advance property tax collections	<u>1,032,963</u>				<u>1,032,963</u>
Total deferred inflows of resources	<u>5,893,700</u>	<u>-</u>	<u>680,925</u>	<u>-</u>	<u>6,574,625</u>
Fund balances:					
Nonspendable	2,442			28,426	30,868
Restricted				1,205,414	1,205,414
Committed			838,816	2,407,766	3,246,582
Assigned	1,621,867				1,621,867
Unassigned	<u>9,467,497</u>	<u>(4,386,400)</u>			<u>5,081,097</u>
Total fund balances	<u>11,091,806</u>	<u>(4,386,400)</u>	<u>838,816</u>	<u>3,641,606</u>	<u>11,185,828</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 35,919,151</u>	<u>\$ 15,222,430</u>	<u>\$ 1,676,306</u>	<u>\$ 5,043,312</u>	<u>\$ 57,861,199</u>

(Continued on next page)

TOWN OF SOUTH WINDSOR, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2017

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	\$ 11,185,828
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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	\$ 375,057,749	
Less accumulated depreciation	<u>(153,593,224)</u>	
Net capital assets		221,464,525

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

Property tax receivables greater than 60 days	2,759,189
Interest receivable on property taxes	2,101,548
Assessments and user fee receivable	492,432
Interest receivable on assessments and user fees	188,494
Net OPEB asset	45,077
Deferred outflows related to changes in pension actuarial experience	40,879
Deferred outflows related to changes in actuarial assumptions	2,068,806
Deferred outflows related to changes in projected pension investment earnings	1,495,023

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.

2,818,852

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

Net pension liability	(21,597,695)
Deferred inflows related to changes in pension actuarial experience	(997,510)
Bonds and notes payable	(67,925,093)
Interest payable on bonds and notes	(579,022)
Compensated absences	(8,434,538)
Capital lease	(3,734,926)
Unamortized bond premium	(2,245,122)
Deferred charge on refunding	<u>1,002,567</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 140,149,314</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH WINDSOR, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Sewer Operating Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 95,483,270	\$	\$	\$	\$ 95,483,270
Intergovernmental	27,351,197	13,025,103		4,825,320	45,201,620
Charges for services	1,833,177	787,204	4,751,444	5,259,377	12,631,202
Investment earnings	226,526		110	15,436	242,072
Miscellaneous		30,323	990	358,356	389,669
Total revenues	<u>124,894,170</u>	<u>13,842,630</u>	<u>4,752,544</u>	<u>10,458,489</u>	<u>153,947,833</u>
Expenditures:					
Current:					
General government	3,570,625			217,916	3,788,541
Public safety	8,555,095			208,974	8,764,069
Public works	7,879,433		3,709,659	394,104	11,983,196
Human services	993,195			430,321	1,423,516
Culture and recreation	2,868,468			2,095,879	4,964,347
Insurance and sundry	6,340,930				6,340,930
Education	85,322,089			6,157,523	91,479,612
Debt service	7,365,581				7,365,581
Capital outlay		28,899,903			28,899,903
Total expenditures	<u>122,895,416</u>	<u>28,899,903</u>	<u>3,709,659</u>	<u>9,504,717</u>	<u>165,009,695</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,998,754</u>	<u>(15,057,273)</u>	<u>1,042,885</u>	<u>953,772</u>	<u>(11,061,862)</u>
Other Financing Sources (Uses):					
Issuance of general obligation bonds		11,860,000			11,860,000
Issuance of capital lease		477,850			477,850
Premium on bond issuance	739,043				739,043
Transfers in	52,455	1,999,213	28,350		2,080,018
Transfers out	(1,830,326)		(772,240)	(43,565)	(2,646,131)
Total other financing sources (uses)	<u>(1,038,828)</u>	<u>14,337,063</u>	<u>(743,890)</u>	<u>(43,565)</u>	<u>12,510,780</u>
Net Change in Fund Balances	959,926	(720,210)	298,995	910,207	1,448,918
Fund Balances at Beginning of Year	<u>10,131,880</u>	<u>(3,666,190)</u>	<u>539,821</u>	<u>2,731,399</u>	<u>9,736,910</u>
Fund Balances at End of Year	<u>\$ 11,091,806</u>	<u>\$ (4,386,400)</u>	<u>\$ 838,816</u>	<u>\$ 3,641,606</u>	<u>\$ 11,185,828</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, 2017

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)	\$ 1,448,918
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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	29,315,079
Depreciation expense	(5,003,778)

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.

(295,976)

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	410,834
Property tax interest and lien revenue - accrual basis change	212,780
Sewer user fees and assessment receivable - accrual basis change	(120,378)
Sewer user fees and assessment interest receivable - accrual basis change	149,812
Deferred outflows related to changes in pension actuarial experience	(434,627)
Deferred outflows related to changes in projected pension investment earnings	(2,384,704)
Deferred outflows related to changes in pension actuarial assumptions	(802,563)

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	3,320,000
Note payments	1,444,916
Issuance of bonds and notes	(11,860,000)
Premium on bonds	(739,043)
Capital lease payments	850,418
Issuance of capital lease	(477,850)

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	(346,639)
Accrued interest	(122,194)
Amortization of deferred charge on refunding	(89,751)
Amortization of bond premiums	175,662
Net pension liability	1,868,786
Deferred inflows related to changes in pension actuarial experience	(997,510)
Deferred inflows related to changes in pension actuarial assumptions	310,253
Net OPEB expense	83

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.

(981,998)

Change in Net Position of Governmental Activities (Exhibit II)	\$ <u>14,850,530</u>
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TOWN OF SOUTH WINDSOR, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2017

	Governmental Activities Internal Service Fund
Assets:	
Cash and cash equivalents	\$ 3,295,289
Accounts receivable	<u>699,563</u>
Total assets	<u>3,994,852</u>
Liabilities:	
Accounts and other payables	<u>1,176,000</u>
Net Position:	
Unrestricted	\$ <u><u>2,818,852</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, 2017**

	Governmental Activities Internal Service Fund
Operating Revenues:	
Charges for services	\$ 14,443,908
Operating Expenses:	
Employee benefits	<u>16,001,701</u>
Operating Loss	(1,557,793)
Nonoperating Revenue:	
Income on investments	<u>9,682</u>
Loss Before Transfers	(1,548,111)
Transfer In	<u>566,113</u>
Change in Net Position	(981,998)
Net Position at Beginning of Year	<u>3,800,850</u>
Net Position at End of Year	<u><u>\$ 2,818,852</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, 2017

	Governmental Activities Internal Service Fund
Cash Flows from Operating Activities:	
Cash received from premiums - Town departments and agencies	\$ 14,443,908
Claims paid	<u>(16,496,248)</u>
Net cash provided by (used in) operating activities	(2,052,340)
Cash Flows from Noncapital Financing Activities:	
Contributions from other funds	566,113
Cash Flows from Investing Activities:	
Income from investments	<u>9,682</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,476,545)
Cash and Cash Equivalents at Beginning of Year	<u>4,771,834</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 3,295,289</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in)	
Operating Activities:	
Operating income (loss)	\$ <u>(1,557,793)</u>
Adjustments to reconcile operating income (loss) to net cash provided by	
(used in) operating activities:	
(Increase) decrease in accounts receivable	(699,563)
(Increase) decrease in prepaid assets	218,323
Increase (decrease) in accounts and other payables	<u>(13,307)</u>
Total adjustments	<u>(494,547)</u>
Net Cash Provided by (Used In) Operating Activities	<u><u>\$ (2,052,340)</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH WINDSOR, CONNECTICUT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2017

	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets:		
Cash and cash equivalents	\$ 2,468,242	\$ 1,229,915
Investments:		
Mutual funds	<u>39,146,780</u>	
Total assets	<u>41,615,022</u>	<u>\$ 1,229,915</u>
Liabilities:		
Accounts payable		\$ 16,067
Due to other groups		<u>1,213,848</u>
Total liabilities	<u>-</u>	<u>\$ 1,229,915</u>
Net Position:		
Restricted for Pension Benefits and Other Purposes	<u>\$ 41,615,022</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
FOR THE YEAR ENDED JUNE 30, 2017

	Pension and Other Employee Benefit Trust Funds
	<hr/>
Additions:	
Contributions:	
Employer	\$ 3,251,167
Plan members	587,894
Total contributions	<hr/> 3,839,061
Investment earnings:	
Net change in fair value of investments	<hr/> 4,175,263
Total additions	<hr/> 8,014,324
Deductions:	
Benefits	3,074,189
Administration	115,671
Total deductions	<hr/> 3,189,860
Change in Net Position	4,824,464
Net Position at Beginning of Year	<hr/> 36,790,558
Net Position at End of Year	<hr/> <hr/> \$ 41,615,022

The accompanying notes are an integral part of the financials 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.

Accounting principles generally accepted in the United States of America require that the reporting entity include 1) the primary government, 2) organizations for which the primary government is financially accountable, and 3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. These criteria have been considered, and there are no agencies or entities that should be presented with the Town.

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

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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.

Agency funds use the accrual basis of accounting but have no measurement focus since they report only assets and liabilities.

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

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.

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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.

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 for equipment, \$50,000 for improvements, and \$100,000 for infrastructure and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition cost at the date of donation.

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

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

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

H. Deferred Outflows/Inflows of Resources

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

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

I. Compensated Absences

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

J. Net Pension Liability

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

K. 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.

L. 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.

M. Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

- Prior to March 15, the Board of Education submits to the Town Council a proposed budget for the year commencing July 1. Prior to March 22, the Town Manager submits to the Town Council a proposed operating budget for the general government for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. By April 15, the Town Council must have the Board of Education budget ready for public hearing and by April 22, the Town Council must have the general government budget ready for public hearing.
- By April 30, public hearings are conducted on the Board of Education budget and by May 7, public hearings are conducted on the general government budget.
- By May 15, the Town Council shall adopt the Board of Education budget and by May 22, the Town Council shall adopt the general government budget.
- The Town Manager may transfer unencumbered funds within a department budget. The Town Council may transfer unencumbered funds between departments and is authorized to make additional appropriations. There were no additional appropriations approved during the year.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under state law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education and Town Council approval.
- 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 Capital Projects fund had a deficit fund balance of \$4,386,400 at June 30, 2017. This deficit will be funded with future charges for services and bonding.

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.

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$20,352,772 of the Town's bank balance of \$21,102,772 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 18,242,495
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>2,110,277</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 20,352,772</u>

Cash Equivalents

At June 30, 2017, the Town's cash equivalents amounted to \$18,032,929. 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
Wells Fargo	*

*not rated

Investments

Investments as of June 30, 2017 in all funds are as follows:

Investment Type	Fair Value
Mutual funds	\$ 39,247,817

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.

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2016, the Town had no uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town's name.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2017:

	June 30, 2017	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
Mutual funds	\$ 39,247,817	\$ 37,699,843	\$ 1,547,974	\$ -

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

4. RECEIVABLES

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

	General	Capital Projects	Sewer Operating Fund	Nonmajor and Other Funds	Total
Receivables:					
Interest	\$ 2,101,548	\$	\$ 188,493	\$	\$ 2,290,041
Taxes	3,819,468				3,819,468
Accounts	117,807		486,625	705,537	1,309,969
Intergovernmental	21,522	3,405,188		62,096	3,488,806
Special assessments			5,808		5,808
Gross receivables	6,060,345	3,405,188	680,926	767,633	10,914,092
Less allowance for uncollectibles:					
Taxes	(878,477)				(878,477)
Net Total Receivables	\$ 5,181,868	\$ 3,405,188	\$ 680,926	\$ 767,633	\$ 10,035,615

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
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5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases and Adjustments</u>	<u>Decreases and Adjustments</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 17,892,095	\$	\$	\$ 17,892,095
Construction in progress	14,218,673	27,310,294	(168,052)	41,360,915
Total capital assets not being depreciated	<u>32,110,768</u>	<u>27,310,294</u>	<u>(168,052)</u>	<u>59,253,010</u>
Capital assets being depreciated:				
Buildings	127,851,704	150,192		128,001,896
Improvements other than buildings	27,302,099	69,328		27,371,427
Furniture and equipment	19,693,989	1,785,265	(499,400)	20,979,854
Infrastructure	139,283,510	168,052		139,451,562
Total capital assets being depreciated	<u>314,131,302</u>	<u>2,172,837</u>	<u>(499,400)</u>	<u>315,804,739</u>
Less accumulated depreciation for:				
Buildings	(64,147,626)	(1,681,176)		(65,828,802)
Improvements other than buildings	(8,948,470)	(921,504)		(9,869,974)
Furniture and equipment	(14,072,678)	(1,044,984)	203,424	(14,914,238)
Infrastructure	(61,624,096)	(1,356,114)		(62,980,210)
Total accumulated depreciation	<u>(148,792,870)</u>	<u>(5,003,778)</u>	<u>203,424</u>	<u>(153,593,224)</u>
Total capital assets being depreciated, net	<u>165,338,432</u>	<u>(2,830,941)</u>	<u>(295,976)</u>	<u>162,211,515</u>
Governmental Activities Capital Assets, Net	<u>\$ 197,449,200</u>	<u>\$ 24,479,353</u>	<u>\$ (464,028)</u>	<u>\$ 221,464,525</u>

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

Governmental activities:	
General Government	\$ 61,629
Public Safety	457,759
Public Works	1,877,876
Culture and recreation	403,107
Human Services	12,138
Education	<u>2,191,269</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,003,778</u>

Construction Commitments

The Town has active construction projects as of June 30, 2017. At year end, the Town's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Road Improvement Projects	\$ 6,142,163	\$ 8,084,181

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

TOWN OF SOUTH WINDSOR, CONNECTICUT
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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, 2017 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 468,381
Sewer Fund	General Fund	945,499
Capital Projects Funds	General Fund	11,817,242
Nonmajor Governmental Funds	General Fund	<u>3,069,457</u>
Total		<u>\$ 16,300,579</u>

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

Interfund transfers:

	<u>Transfers In</u>				<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Sewer Operating</u>	<u>Internal Service</u>	<u>Transfers Out</u>
Transfers out:					
General Fund	\$	\$ 1,264,213	\$	\$ 566,113	\$ 1,830,326
Sewer Assessment	37,240	735,000			772,240
Nonmajor Governmental	<u>15,215</u>	<u></u>	<u>28,350</u>	<u></u>	<u>43,565</u>
Total Transfers In	<u>\$ 52,455</u>	<u>\$ 1,999,213</u>	<u>\$ 28,350</u>	<u>\$ 566,113</u>	<u>\$ 2,646,131</u>

Transfers are for regularly reoccurring operational transactions.

TOWN OF SOUTH WINDSOR, CONNECTICUT
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7. LONG-TERM DEBT

Changes in Long-Term Liabilities

A schedule of long-term liabilities outstanding at June 30, 2017 is presented below:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
Bonds and notes payable	\$ 60,830,009	\$ 11,860,000	\$ (4,764,916)	\$ 67,925,093	\$ 5,282,966
Premiums	1,681,741	739,043	(175,662)	2,245,122	
	<u>62,511,750</u>	<u>12,599,043</u>	<u>(4,940,578)</u>	<u>70,170,215</u>	<u>5,282,966</u>
Capital leases	4,107,494	477,850	(850,418)	3,734,926	755,169
Compensated absences	8,087,899	490,270	(143,631)	8,434,538	1,391,285
Net pension liability	<u>23,466,481</u>		<u>(1,868,786)</u>	<u>21,597,695</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 98,173,624</u>	<u>\$ 13,567,163</u>	<u>\$ (7,803,413)</u>	<u>\$ 103,937,374</u>	<u>\$ 7,429,420</u>

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

Bonds and notes payable at June 30, 2017 comprise the following:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2017
General Purpose:					
Refunding bond	3/13/2012	8/1/2025	2.0-4.0%	\$ 15,185,000	\$ 13,315,000
Improvement bond	2/15/2012	2/15/2022	1.0-2.0%	2,000,000	1,000,000
Improvement bond	2/19/2014	2/15/2034	2.0-5.0%	2,100,000	2,000,000
Refunding bond	6/4/2014	8/15/2022	2.0-5.0%	4,222,000	2,944,000
Improvement bond	2/18/2015	2/15/2035	1.75-4.0%	1,900,000	1,900,000
Improvement bond	2/17/2016	2/15/2036	2.0-5.0%	3,000,000	3,000,000
Improvement bond	2/15/2017	2/15/2033	2.0-5.0%	4,000,000	4,000,000
Schools:					
Improvement bond	2/19/2014	2/15/2034	2.0-5.0%	2,470,000	2,355,000
Refunding bond	6/4/2014	8/15/2022	2.0-5.0%	2,393,000	226,000
Improvement bond	2/18/2015	2/15/2035	1.75-4.0%	3,260,000	3,260,000
Improvement bond	2/17/2016	2/15/2036	2.0-5.0%	1,300,000	1,300,000
Improvement bond	2/15/2017	2/15/2033	3.0-5.0%	7,860,000	7,860,000
Sewer:					
Clean Water Note Vernon wastewater	1/1/2002	7/1/2021	2%	800,000	184,952
Treatment plant upgrade	12/31/1997	12/31/2016	2%	482,056	
Clean Water Note Pleasant	11/30/2005	5/31/2025	2%	402,727	177,200
Clean Water Note Submersible station	12/28/2006	7/1/2026	2%	1,568,029	782,693
Clean Water Note	10/31/2012	12/30/2032	2%	27,516,583	21,940,248
Improvement bond	2/19/2014	2/15/2034	2.0-5.0%	1,750,000	<u>1,680,000</u>
Total					<u>\$ 67,925,093</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT
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The following is a schedule of future debt service requirements as of June 30, 2017:

Fiscal Year Ending	Principal Payments	Interest Payments	Total Debt Service
2018	\$ 5,282,966	\$ 1,934,830	\$ 7,217,796
2019	4,820,981	1,769,047	6,590,028
2020	4,769,562	1,609,491	6,379,053
2021	5,058,719	1,440,533	6,499,252
2022	4,923,991	1,259,908	6,183,899
2023-2027	21,438,854	4,255,830	25,694,684
2028-2032	18,082,214	1,788,588	19,870,802
2033-2036	3,547,806	185,787	3,733,593
	<u>\$ 67,925,093</u>	<u>\$ 14,244,014</u>	<u>\$ 82,169,107</u>

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

The Town issued \$11,860,000 of general obligation bonds on February 16, 2017 for various capital improvement projects. The bonds bear interest of 2.0%-5.0% and mature on February 15, 2033.

Legal Debt Limit

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

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 214,942,622	\$ 29,162,082	\$ 185,780,540
Schools	429,885,243	18,207,688	411,677,555
Sewers	358,237,703	36,488,505	321,749,198
Urban renewal	310,472,676		310,472,676
Pension deficit	286,590,162		286,590,162

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$668,710,378.

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
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Authorized and unissued debt is as follows:

Project	Authorized	Bonds/BANS		Authorized But Unissued
		Issued	Grants	
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
Orchard Hill Elementary School Project	33,521,724	20,000,000	10,315,036	3,206,688
2014 - Road / Drainage Improvements	12,000,000	11,000,000		1,000,000
Total	\$ <u>100,521,724</u>	\$ <u>60,516,583</u>	\$ <u>24,071,959</u>	\$ <u>15,933,182</u>

Capital Leases

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

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

Cost	\$ 7,137,220
Accumulated depreciation	<u>(1,331,416)</u>
Net Leased Equipment	\$ <u>5,805,804</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, 2017:

Fiscal Year	Amount
2018	\$ 896,346
2019	857,271
2020	730,444
2021	706,861
2022	282,481
2023-2025	743,789
Less amount representing interest	<u>(482,266)</u>
Present Value of Minimum Lease Payments	\$ <u>3,734,926</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT
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Bond Anticipation Notes

The Town issued bond anticipation notes on February 16, 2017 maturing on February 15, 2018 for \$16,000,000. The current interest rate on the notes is 2.00% 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, 2017:

<u>Project</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2017</u>
Various School Projects	2/17/2016	2/16/2017	2.00%	\$ 360,000	\$	\$ (360,000)	\$ -
Road and Drainage Improvements	2/17/2016	2/16/2017	2.00%	6,000,000		(6,000,000)	-
Orchard Hill Elementary Project	2/17/2016	2/16/2017	2.00%	15,000,000		(15,000,000)	-
Road and Drainage Improvements	2/16/2017	2/15/2018	2.00%		4,000,000		4,000,000
Orchard Hill Elementary Project	2/16/2017	2/15/2018	2.00%		12,000,000		12,000,000
Total				<u>\$ 21,360,000</u>	<u>\$ 16,000,000</u>	<u>\$ (21,360,000)</u>	<u>\$ 16,000,000</u>

8. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2017 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	\$	\$	\$	\$ 23,201	\$ 23,201
Prepaid items	2,442			5,225	7,667
Restricted for:					
Education				321,712	321,712
Public safety				101,119	101,119
Public works				233,550	233,550
Health and welfare				549,033	549,033
Committed to:					
General government				206,080	206,080
Public safety				73,835	73,835
Public works			838,816		838,816
Culture and recreation				1,877,559	1,877,559
Education				250,292	250,292
Assigned to:					
Subsequent year's budget	1,000,000				1,000,000
General government	29,402				29,402
Public safety	38,361				38,361
Public works	45,118				45,118
Health and welfare	228				228
Culture and recreation	64,541				64,541
Education	444,217				444,217
Unassigned	<u>9,467,497</u>	<u>(4,386,400)</u>			<u>5,081,097</u>
Total Fund Balances	<u>\$ 11,091,806</u>	<u>\$ (4,386,400)</u>	<u>\$ 838,816</u>	<u>\$ 3,641,606</u>	<u>\$ 11,185,828</u>

Encumbrances of \$621,866 are contained in the above table in the assigned categories of the General Fund and \$21,122 and \$32,605 in the committed category of the Sewer Operating fund and nonmajor governmental funds, respectively.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Pension Trust Fund

A. Plan Description and Benefits Provided

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

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

As of July 1, 2016, the plans' membership consisted of:

	Town Plan	Board of Education Plan
Retirees and beneficiaries currently receiving benefits	80	61
Terminated members entitled to benefits but not yet receiving them	17	22
Current active members	85	78
Total	<u>182</u>	<u>161</u>

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

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

Valuation of Investments

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

Benefit Provisions

Town Plan

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

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, 6% for dispatchers and 4.5% for all other employees. Participants in the Board of Education Plan contribute 4.5% of covered payroll.

TOWN OF SOUTH WINDSOR, CONNECTICUT
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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, 2017:

Asset Class	Targeted Allocation
U.S. Core Fixed Income	22%
U.S. Bank & Leveraged Loans	5%
Global Bonds	5%
U.S. Large Caps	14%
U.S. Small Caps	4%
U.S. Large Growth	10%
U.S. Large Value	10%
Non-U.S. Equity	15%
Global REITs	5%
Commodities	11%

Rate of Return

For the year ended June 30, 2017, 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 11.54% and 11.64%, 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

The components of the net pension liability of the Town and Board of Education plans at June 30, 2017, were as follows:

	Town	Board of Education
Total pension liability	\$ 44,403,410	\$ 16,742,769
Plan fiduciary net position	<u>26,252,949</u>	<u>13,295,535</u>
Net Pension Liability	<u>\$ 18,150,461</u>	<u>\$ 3,447,234</u>
Plan fiduciary net position as a percentage of the total pension liability	59%	79%

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Actuarial Assumptions

The total pension liability for the Town and Board of Education plans were determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.7%
Salary increases	3.0%, average, including inflation
Investment rate of return	7.0% for the Town and Board of Education, net of pension plan investment expense, including inflation
Amortization Period	28 years, closed

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table for with generational projection per Scale BB.

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, 2017 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return
U.S. Core Fixed Income	2.52%
U.S. Bank & Leveraged Loans	3.23%
Global Bonds	1.35%
U.S. Large Caps	3.61%
U.S. Small Caps	4.10%
U.S. Large Growth	4.01%
U.S. Large Value	3.47%
Non-U.S. Equity	4.59%
Global REITs	3.71%
Commodities	1.41%

Discount Rate

The discount rate used to measure the total pension liability for the Town and Board of Education plans was 7.0%. 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 plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF SOUTH WINDSOR, CONNECTICUT
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The discount rate for the Town plan was adjusted as of June 30, 2017 from 7.25% to 7.00%.

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 7.0%, as well as what the Town and Board of Education's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Town's Net Pension Liability	\$ 24,251,961	\$ 18,150,461	\$ 14,656,448
Board of Education's Net Pension Liability	5,618,074	3,447,234	2,271,412

F. Changes in the Net Pension Liability

Town Pension Plan			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2016	\$ 42,448,680	\$ 23,130,493	\$ 19,318,187
Changes for the year:			
Service cost	532,281		532,281
Interest on total pension liability	3,052,104		3,052,104
Differences between expected and actual experience	(996,542)		(996,542)
Changes in assumptions	1,164,263		1,164,263
Employer contributions		1,820,733	(1,820,733)
Member contributions		397,315	(397,315)
Net investment income		2,772,961	(2,772,961)
Benefit payments, including refund to employee contributions	(1,797,376)	(1,797,376)	-
Administrative expenses		(71,177)	71,177
Net changes	1,954,730	3,122,456	(1,167,726)
Balances as of June 30, 2017	\$ 44,403,410	\$ 26,252,949	\$ 18,150,461

TOWN OF SOUTH WINDSOR, CONNECTICUT
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Amounts reported as changes in assumptions resulted from the change in the discount rate from 7.25% to 7.00%.

Board of Education Pension Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2016	\$ 16,067,007	\$ 11,918,713	\$ 4,148,294
Changes for the year:			
Service cost	378,717		378,717
Interest on total pension liability	1,167,003		1,167,003
Differences between expected and actual experience	(566,948)		(566,948)
Changes in assumptions	407,690		407,690
Employer contributions		549,460	(549,460)
Member contributions		190,579	(190,579)
Net investment income (loss)		1,390,852	(1,390,852)
Benefit payments, including refund to employee contributions	(710,700)	(710,700)	-
Administrative expenses		(43,369)	43,369
Net changes	675,762	1,376,822	(701,060)
Balances as of June 30, 2017	\$ 16,742,769	\$ 13,295,535	\$ 3,447,234

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

For the year ended June 30, 2017, the Town and Board of Education pension plans recognized pension expense of \$3,473,303 and \$1,337,255, respectively. At June 30, 2017, the Town and Board of Education pension plans reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Town	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,070	\$ (607,733)
Changes of assumptions	1,283,636	
Net difference between projected and actual earning on pension plan investments	968,929	
Total	\$ 2,282,635	\$ (607,733)

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	Board of Education	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,809	\$ (389,777)
Changes of assumptions	785,170	
Net difference between projected and actual earning on pension plan investments	<u>526,094</u>	<u></u>
Total	<u>\$ 1,322,073</u>	<u>\$ (389,777)</u>

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

<u>Year Ending June 30,</u>	<u>Town</u>	<u>BOE</u>
2018	\$ 1,206,356	\$ 648,668
2019	509,493	304,873
2020	175,765	84,258
2021	(216,712)	(105,503)

H. Combining Financial Statements

	<u>Town Plan</u>	<u>Board of Education Plan</u>	<u>Other Post Employment Benefit Trust Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalent	\$ 199,347	\$ 202,357	\$ 2,066,538	\$ 2,468,242
Investments, at fair value:				
Mutual funds	<u>26,053,602</u>	<u>13,093,178</u>	<u></u>	<u>39,146,780</u>
Total Assets	<u>\$ 26,252,949</u>	<u>\$ 13,295,535</u>	<u>\$ 2,066,538</u>	<u>\$ 41,615,022</u>
Net Position Restricted for Pension Benefits	<u>\$ 26,252,949</u>	<u>\$ 13,295,535</u>	<u>\$ 2,066,538</u>	<u>\$ 41,615,022</u>

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	Town Plan	Board of Education Plan	Other Post Employment Benefit Trust Fund	Total
Additions:				
Contributions:				
Employer	\$ 1,820,733	\$ 549,460	\$ 880,974	\$ 3,251,167
Employee	397,315	190,579		587,894
Total contributions	2,218,048	740,039	880,974	3,839,061
Investment income:				
Net change in fair value of investments	2,772,961	1,390,852	11,450	4,175,263
Total additions	4,991,009	2,130,891	892,424	8,014,324
Deductions:				
Benefits	1,797,376	710,700	566,113	3,074,189
Administration	71,177	43,369	1,125	115,671
Total deductions	1,868,553	754,069	567,238	3,189,860
Changes in Net Position	3,122,456	1,376,822	325,186	4,824,464
Net Position at July 1, 2016	23,130,493	11,918,713	1,741,352	36,790,558
Net Position at June 30, 2017	\$ 26,252,949	\$ 13,295,535	\$ 2,066,538	\$ 41,615,022

Teachers Retirement

A. Plan Description

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

B. Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

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Disability Retirement

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

C. Contributions

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

Employer (School Districts)

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

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

Employees

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

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

At June 30, 2017, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>118,505,418</u>
Total	\$ <u>118,505,418</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. At June 30, 2017, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2017, the Town recognized pension expense and revenue of \$12,923,442 in Exhibit II for on-behalf amounts for the benefits provided by the State.

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E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25 - 6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
Core fixed income	7.0%	1.3%
Inflation linked bond fund	3.0%	1.0%
Emerging market bond	5.0%	3.7%
High yield bonds	5.0%	3.9%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Liquidity fund	6.0%	0.4%
Total	100.00%	

F. Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

H. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

I. Other Information

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

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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, 2017 for these groups was \$113,232 and represented 6.0% of covered payroll. The employees' contributions were \$125,933 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, 2017 for this group was \$351,288 and represented 12.07% of covered payroll. The employees' required contributions were \$138,949 and represented 4.5% of covered payroll. The authority to establish and amend contribution requirements is by the Town Council.

D. Employer and Employee Obligations

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

10. OTHER POSTEMPLOYMENT BENEFITS

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.

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

In the July 1, 2015, actuarial valuation, the projected unit credit actuarial cost method was used. The ARC reflects a closed 30-year, level amortization of the unfunded actuarial accrued liability (AAL). The actuarial assumptions include a 7% investment rate of return and inflation rate of 2.70%.

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

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

Active members	846
Retired members	48
Beneficiaries	6
Spouses of retired members	<u>14</u>
Total Participants	<u><u>914</u></u>

B. Funding Policy

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

Teachers and Administrators

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

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

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

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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.

C. Investments

Investment Policy

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

Rate of Return

For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was .56%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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D. Net OPEB Liability of the Town

During the year, the Town implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* (OPEB). This Statement requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net position. The components of the net OPEB liability of the Town at June 30, 2017, were as follows:

	<u>OPEB Plan</u>
Total OPEB Liability	\$ 11,219,357
Plan fiduciary net position	<u>2,066,538</u>
Net OPEB Liability	<u><u>\$ 9,152,819</u></u>
Plan fiduciary net position as a percentage of the total pension liability	18%

The Town's net OPEB liability will be required to be recorded on the government-wide financial statement of net position at June 30, 2018.

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.70%
Salary increases	3.00%, average, including inflation and graded by age for Teachers and Administrators
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	7.82-4.50% over 58 years
Amortization method	Level percent closed, 17 years for police, 22 years all others

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for males and females projected forward 19 years using Scale AA, with a two-year age setback. This assumption includes a margin for mortality improvements beyond the valuation date.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2013–June 30, 2015.

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The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2017 are summarized in the following table:

Asset Class	Targeted Allocation	Long-Term Expected Real Rate of Return
U.S. Core Fixed Income	22%	3%
U.S. Bank & Leveraged Loans	5%	3%
Global Bonds	5%	1%
U.S. Large Caps	14%	4%
U.S. Small Caps	4%	4%
U.S. Large Growth	10%	4%
U.S. Large Value	10%	3%
Non-U.S. Equity	15%	5%
Global REITs	5%	4%
Commodities	11%	1%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current discount rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net OPEB Liability	\$ 10,214,241	\$ 9,152,819	\$ 8,212,827

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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (8.5 % decreasing to 4.55) or 1 percentage point higher (10.5% decreasing to 6.5%) than the current healthcare cost trend rates:

	1% Decrease (6.82-3.50% over 58 years)	Current Trend Rate (7.82-4.50% Over 58 Years)	1% Increase (8.82-5.50% Over 58 Years)
Net OPEB Liability	\$ 7,874,945	\$ 9,152,819	\$ 10,648,485

E. Annual OPEB Cost and Net OPEB Obligation (Asset)

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)	\$ 880,974
Interest on OPEB obligation	(3,150)
Adjustment to annual required contribution	<u>(3,067)</u>
Annual OPEB cost	880,891
Contributions made	<u>880,974</u>
Change in net OPEB asset	(83)
Net OPEB asset, beginning of year	<u>(44,994)</u>
Net OPEB Asset, End of Year	\$ <u><u>(45,077)</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal year ended June 30, 2017 is presented below:

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
6/30/2015	\$ 1,007,071	\$ 1,007,276	100	\$ (26,420)
6/30/2016	1,007,122	1,025,696	102	(44,994)
6/30/2017	880,891	880,974	100	(45,077)

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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
7/1/2011	\$ 488,000	\$ 8,021,000	\$ 7,533,000	6.1	\$ N/A	\$ N/A
7/1/2013	839,000	9,510,000	8,671,000	8.8	51,316,000	16.9%
7/1/2015	1,448,000	9,573,000	8,125,000	15.1	53,602,000	15.2%

11. RISK MANAGEMENT

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

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 125% of expected claims and for individual claims exceeding \$175,000.

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 Nos. 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.

TOWN OF SOUTH WINDSOR, CONNECTICUT
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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:				
2014-2015	\$ 929,000	\$ 16,103,648	\$ 16,048,648	\$ 984,000
2015-2016	984,000	17,676,031	17,470,724	1,189,307
2016-2017	1,189,307	16,001,701	16,015,008	1,176,000

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 the coverage period will be evaluated at 18, 30 and 42 months after the effective date of coverage. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence and purchases reinsurance above that amount to the limit of liability of \$10 million per occurrence.

12. CONTINGENT LIABILITIES

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

13. TAX ABATEMENTS

The Town has entered into multiple tax abatement agreements with developers and real property owners in order to assist in the economic development of the Town. The Town has agreed to provide a reduction to the real property assessments for a period of time to offset the cost of developing the area pursuant to Chapter 203 of the Connecticut General Statutes. The Town reduced its property tax revenue by \$ 808,611 for the year ended June 30, 2017.

14. SUBSEQUENT EVENTS

On August 10, 2017, the Town issued \$4,125,000 of General Obligation Refunding Bonds with interest rates between 2.00% and 4.00% and a final maturity of August 15, 2033. The bonds were issued to advance refund of the 2014 General Obligation Bonds of \$5,410,000.

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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
Property Taxes:				
Current taxes	\$ 93,510,040	\$ 93,510,040	\$ 93,215,251	\$ (294,789)
Delinquent taxes	700,000	700,000	526,461	(173,539)
Supplemental motor vehicles	750,000	750,000	1,118,607	368,607
Interest	450,000	450,000	530,394	80,394
Liens	5,000	5,000	6,016	1,016
Housing authority - PILOT (in lieu of taxes)	20,000	20,000	26,194	6,194
Telephone access relief	40,000	40,000	60,347	20,347
Total property taxes	<u>95,475,040</u>	<u>95,475,040</u>	<u>95,483,270</u>	<u>8,230</u>
Intergovernmental:				
State assistance - education:				
Education equalization	12,486,098	12,486,098	12,231,269	(254,829)
Other assistance:				
Elderly tax freeze	3,600	3,600	3,726	126
State in lieu of taxes	54,351	54,351	54,429	78
DOT Elderly Transportation	33,444	33,444	25,083	(8,361)
Elderly tax relief	150,000	150,000	149,185	(815)
State sundry grants			29,759	29,759
Youth service grants	20,000	20,000	20,521	521
Manufacturer's equipment and machinery	558,715	558,715	558,715	-
Municipal grants-in-aid	1,338,190	1,338,190	1,338,190	-
Veterans' exemption	15,000	15,000	16,878	1,878
Total intergovernmental	<u>14,659,398</u>	<u>14,659,398</u>	<u>14,427,755</u>	<u>(231,643)</u>
Charges for Services:				
Building permits	600,000	600,000	710,420	110,420
Probate court rentals	7,000	7,000	9,149	2,149
Town Clerk fees	500,000	500,000	659,601	159,601
Planning and zoning fees	12,500	12,500	23,924	11,424
General government sundry	120,000	120,000	221,009	101,009
Police	26,000	26,000	27,619	1,619
Recycling rebate			63,409	63,409
Engineering permits	5,000	5,000	4,600	(400)
Zoning board of appeals	1,000	1,000	910	(90)
Refuse and recycling	125,000	125,000	64,112	(60,888)
Fire Marshal fees	75,000	75,000	48,424	(26,576)
Total charges for services	<u>1,471,500</u>	<u>1,471,500</u>	<u>1,833,177</u>	<u>361,677</u>
Investment Earnings	<u>50,000</u>	<u>50,000</u>	<u>226,526</u>	<u>176,526</u>
Other Revenues:				
Cancellation of prior year encumbrances			118,957	118,957
Total Revenues	<u>111,655,938</u>	<u>111,655,938</u>	<u>112,089,685</u>	<u>433,747</u>

(Continued on next page)

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

	<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	20,000	20,000	15,215	(4,785)
Premiums on bond issuance			739,043	739,043
Fund balance appropriation	<u>850,000</u>	<u>850,000</u>		<u>(850,000)</u>
Total other financing sources	<u>907,240</u>	<u>907,240</u>	<u>791,498</u>	<u>(115,742)</u>
Total Revenues and Other Financing Sources	<u>\$ 112,563,178</u>	<u>\$ 112,563,178</u>	112,881,183	<u>\$ 318,005</u>
Budgetary revenues are different from GAAP revenues because:				
Cancellation of prior year encumbrances are recognized as budgetary revenue			(118,957)	
State on-behalf payments			<u>12,923,442</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>\$ 125,685,668</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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget (Over) Under</u>
General Government:				
Legislative:				
Town Council	\$ 222,105	\$ 225,105	206,306	\$ 18,799
Boards and Commissions:				
Human relations commission	2,500	2,500	2,347	153
Historic district commission	1,000	1,000	498	502
Public building commission	520	2,106	2,106	-
South Windsor redevelopment	1,000	1,000		1,000
Inland/wetlands - conservation	7,025	5,439	4,620	819
Land preservation advisory	300	300		300
Open space task force	500	500		500
Park and recreation commission	4,500	4,500	972	3,528
Planning and zoning	8,150	9,139	9,139	-
Zoning board of appeals	2,500	2,613	2,613	-
Economic Development	12,800	12,800		12,800
Economic development coordinator	4,500	3,397	2,689	708
Total boards and commissions	<u>45,295</u>	<u>45,294</u>	<u>24,984</u>	<u>20,310</u>
Judicial:				
Probate court	17,750	17,750	14,064	3,686
Elections:				
Registrar of voters	157,245	165,745	156,010	9,735
Executive:				
Town manager	241,134	248,634	237,230	11,404
Human resources	146,204	149,739	131,324	18,415
Total executive	<u>387,338</u>	<u>398,373</u>	<u>368,554</u>	<u>29,819</u>
Community Development:				
Planning department	248,581	248,581	242,481	6,100
Building department	221,790	221,491	217,731	3,760
Total community development	<u>470,371</u>	<u>470,072</u>	<u>460,212</u>	<u>9,860</u>
Finance:				
Assessor	285,954	278,299	278,299	-
Collector of revenue	229,424	247,653	247,652	1
Finance office	334,890	330,568	329,791	777
Total finance	<u>850,268</u>	<u>856,520</u>	<u>855,742</u>	<u>778</u>
Recording and Reporting:				
Town clerk	231,976	231,976	218,699	13,277
Law:				
Town attorney	175,000	168,748	166,644	2,104
Central Services:				
Town Hall	265,436	265,436	231,270	34,166
Information technology	892,349	892,349	856,610	35,739
Media	37,970	37,970	35,480	2,490
Total central services	<u>1,195,755</u>	<u>1,195,755</u>	<u>1,123,360</u>	<u>72,395</u>
Total general government	<u>3,753,103</u>	<u>3,775,338</u>	<u>3,594,575</u>	<u>180,763</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, 2017

	<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	\$ 484,548	\$ 568,318	545,480	\$ 22,838
Operations	3,816,407	3,668,007	3,479,321	188,686
Support services	1,939,687	1,993,317	1,880,021	113,296
Community services	169,570	180,570	169,745	10,825
Total police protection	<u>6,410,212</u>	<u>6,410,212</u>	<u>6,074,567</u>	<u>335,645</u>
Fire Protection:				
Fire marshal	215,243	215,244	203,979	11,265
Volunteer fire department	900,960	900,960	900,960	-
Hydrants and water lines	794,300	806,804	806,804	-
Total fire protection	<u>1,910,503</u>	<u>1,923,008</u>	<u>1,911,743</u>	<u>11,265</u>
Emergency management	<u>204,771</u>	<u>187,272</u>	<u>122,252</u>	<u>65,020</u>
Other protection:				
Street lights	<u>452,500</u>	<u>457,494</u>	<u>457,494</u>	<u>-</u>
Total public safety	<u>8,977,986</u>	<u>8,977,986</u>	<u>8,566,056</u>	<u>411,930</u>
Public Works:				
Administration:				
Management	<u>147,753</u>	<u>147,753</u>	<u>145,775</u>	<u>1,978</u>
Engineering:				
Technical support	<u>453,928</u>	<u>453,929</u>	<u>440,971</u>	<u>12,958</u>
Street Services:				
Highway maintenance	2,899,596	2,899,596	2,883,571	16,025
Fleet services	955,316	955,317	894,221	61,096
Total street services	<u>3,854,912</u>	<u>3,854,913</u>	<u>3,777,792</u>	<u>77,121</u>
Public Buildings:				
Building maintenance	<u>1,664,893</u>	<u>1,664,893</u>	<u>1,397,720</u>	<u>267,173</u>
Pollution Control:				
Refuse and recycling	<u>1,975,214</u>	<u>1,975,214</u>	<u>1,903,489</u>	<u>71,725</u>
Total public works	<u>8,096,700</u>	<u>8,096,702</u>	<u>7,665,747</u>	<u>430,955</u>
Human Services:				
Conservation of Health:				
Environmental health	173,958	188,358	156,228	32,130
Visiting nurse community care	14,696	12,458	5,280	7,178
Total conservation of health	<u>188,654</u>	<u>200,816</u>	<u>161,508</u>	<u>39,308</u>
Human service programs:				
Administration	85,597	90,435	88,896	1,539
Youth and family services	285,841	283,241	273,083	10,158
Adult and senior services	384,066	371,164	357,137	14,027
Mini-bus service	70,366	83,268	83,269	(1)
Sheltered workshops	2,697	2,697	2,697	-
Total human services programs	<u>828,567</u>	<u>830,805</u>	<u>805,082</u>	<u>25,723</u>
Total human services	<u>1,017,221</u>	<u>1,031,621</u>	<u>966,590</u>	<u>65,031</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, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget (Over) Under
Culture and Recreation:				
Recreation administration	\$ 1,990,980	\$ 1,990,980	1,860,965	\$ 130,015
Library	1,063,027	1,063,027	1,059,435	3,592
Total culture and recreation	<u>3,054,007</u>	<u>3,054,007</u>	<u>2,920,400</u>	<u>133,607</u>
Education	<u>71,752,070</u>	<u>71,752,070</u>	<u>71,752,070</u>	<u>-</u>
Insurance and Benefits:				
Municipal insurance:				
Insurance - casualty	<u>269,217</u>	<u>269,217</u>	<u>226,887</u>	<u>42,330</u>
Pension Contributions:				
Pension	2,181,695	2,211,357	2,211,356	1
Social security	1,059,397	1,026,793	971,895	54,898
Total pension contributions	<u>3,241,092</u>	<u>3,238,150</u>	<u>3,183,251</u>	<u>54,899</u>
Health and life insurance	<u>3,232,218</u>	<u>2,666,105</u>	<u>2,432,131</u>	<u>233,974</u>
Workers' compensation	<u>390,846</u>	<u>390,846</u>	<u>390,756</u>	<u>90</u>
Unemployment compensation	<u>15,000</u>	<u>23,883</u>	<u>23,883</u>	<u>-</u>
Salary Contingency	<u>25,000</u>	<u>13,965</u>		<u>13,965</u>
Total insurance and benefits	<u>7,173,373</u>	<u>6,602,166</u>	<u>6,256,908</u>	<u>345,258</u>
Other:				
Contingency	115,000	72,600	38,000	34,600
South Windsor patriotic commission	13,500	15,058	15,058	-
Cemeteries	8,000	12,000	12,000	-
Wood Memorial Library	7,500	12,500	12,500	-
Total other	<u>144,000</u>	<u>112,158</u>	<u>77,558</u>	<u>34,600</u>
Debt Service:				
Principal	4,608,380	4,538,380	4,538,380	-
Interest	2,722,125	2,792,125	2,732,961	59,164
Total debt service	<u>7,330,505</u>	<u>7,330,505</u>	<u>7,271,341</u>	<u>59,164</u>
Total expenditures	111,298,965	110,732,553	109,070,821	1,661,308
Other Financing Uses:				
Transfer out	<u>1,264,213</u>	<u>1,830,326</u>	<u>1,830,326</u>	<u>-</u>
Total	<u>\$ 112,563,178</u>	<u>\$ 112,562,879</u>	110,901,147	<u>\$ 1,661,308</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

756,732
 50,181
 12,923,442
94,240

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

\$ 124,725,742

TOWN OF SOUTH WINDSOR, CONNECTICUT
SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - SEWER OPERATING FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
Revenues:				
Charges for services	\$ 4,405,366	\$ 4,405,366	\$ 4,579,720	\$ 174,354
Intergovernmental revenue	50,000	50,000		(50,000)
Investment income	65	65	110	45
Miscellaneous	123,900	123,900	181,870	57,970
Total revenues	<u>4,579,331</u>	<u>4,579,331</u>	<u>4,761,700</u>	<u>182,369</u>
Expenditures:				
Full time salaries	938,724	938,724	987,301	(48,577)
Overtime	50,324	80,324	104,121	(23,797)
Longevity		700	700	
Employee benefits	502,289	500,359	500,164	195
Office supplies	1,300	1,300	1,289	11
Operating material	78,000	78,000	89,493	(11,493)
Motor vehicle supplies	24,000	24,000	37,300	(13,300)
Uniforms and clothing	14,250	9,750	6,528	3,222
Fleet and equipment repair	60,000	70,507	63,965	6,542
Advertising		723	723	
Professional	155,999	152,355	145,673	6,682
Rental and leases	17,970	22,470	91,725	(69,255)
Utilities	491,450	491,450	453,740	37,710
Maintenance contracts	496,080	466,080	474,400	(8,320)
Repair and maintenance equipment	19,000	19,000	71,121	(52,121)
Fees and memberships	1,520	1,520	18	1,502
Recruitment and training	26,500	16,500	13,886	2,614
Other purchase services	296,500	296,500	315,074	(18,574)
Capital projects	45,000	45,000	10,287	34,713
Department equipment	41,600	45,244	45,139	105
Boards and Commissions - Office supplies	50	50	43	7
Boards and Commissions - Advertising	850	850	861	(11)
Boards and Commissions - Office equipment				
Debt service	312,210	312,210	312,208	2
Total expenditures	<u>3,573,616</u>	<u>3,573,616</u>	<u>3,725,759</u>	<u>(152,143)</u>
Excess of Revenues over Expenditures	1,005,715	1,005,715	1,035,941	30,226
Other Financing Sources and Uses:				
Transfers in	23,000	23,000	28,350	5,350
Transfers out	(718,240)	(718,240)	(772,240)	(54,000)
Net Change in Fund Balance	<u>\$ 310,475</u>	<u>\$ 310,475</u>	292,051	<u>\$ (18,424)</u>
Fund Balance at July 1, 2016			545,265	
Fund Balance at June 30, 2017			<u>\$ 837,316</u>	

Reconciliation to GAAP Basis

	<u>Revenues</u>	<u>Expenditures</u>
Balance, Budgetary Basis - June 30, 2017	\$ 4,761,700	\$ 3,725,759
Accrued payroll not budgeted		3,838
Encumbrances outstanding at June 30, 2016 liquidated and cancelled during the year ended June 30, 2017	(9,156)	1,184
Encumbrances charged to budgetary expenditures during the year ended June 30, 2017		(21,122)
Balance, GAAP Basis - June 30, 2017	<u>\$ 4,752,544</u>	<u>\$ 3,709,659</u>

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total pension liability:				
Service cost	\$ 344,193	\$ 597,904	\$ 566,952	\$ 532,281
Interest	2,494,478	2,658,282	2,931,266	3,052,104
Differences between expected and actual experience		1,272,460	234,828	(996,542)
Changes of assumptions	3,396,197	(1,861,513)	3,242,915	1,164,263
Benefit payments, including refunds of member contributions	(1,680,365)	(1,591,710)	(1,796,252)	(1,797,376)
Administrative expense	(75,832)			
Net change in total pension liability	4,478,671	1,075,423	5,179,709	1,954,730
Total pension liability - beginning	31,714,877	36,193,548	37,268,971	42,448,680
Total pension liability - ending	36,193,548	37,268,971	42,448,680	44,403,410
Plan fiduciary net position:				
Contributions - employer	1,867,793	1,727,470	1,727,470	1,820,733
Contributions - member	257,692	382,108	345,568	397,315
Net investment income (loss)	3,279,002	70,803	(276,685)	2,772,961
Benefit payments, including refunds of member contributions	(1,680,365)	(1,591,710)	(1,796,252)	(1,797,376)
Administrative expense	(75,832)	(40,061)	(72,564)	(71,177)
Net change in plan fiduciary net position	3,648,290	548,610	(72,463)	3,122,456
Plan fiduciary net position - beginning	18,906,056	22,654,346	23,202,956	23,130,493
Plan fiduciary net position - ending	22,554,346	23,202,956	23,130,493	26,252,949
Net Pension Liability - Ending	\$ <u>13,639,202</u>	\$ <u>14,066,015</u>	\$ <u>19,318,187</u>	\$ <u>18,150,461</u>
Plan fiduciary net position as a percentage of the total pension liability	62.32%	62.26%	54.49%	59.12%
Covered-employee payroll	\$ 4,749,846	\$ 4,716,701	\$ 4,716,701	\$ 4,540,844
Net pension liability as a percentage of covered-employee	287.15%	298.22%	409.57%	399.72%

Notes to Schedule:

Changes of assumptions: In 2016, amounts reported as changes of assumptions resulted from the change in the discount rate from 8.5% to 7.25%. In 2017, amounts reported as changes in assumptions resulted from the change in the discount rate from 7.25% to 7.00%.

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

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total pension liability:				
Service cost	\$ 225,029	\$ 359,500	\$ 391,848	\$ 378,717
Interest	920,994	986,463	1,108,213	1,167,003
Differences between expected and actual experience	543,345	460,218	28,823	(566,948)
Changes of assumptions			1,346,357	407,690
Benefit payments, including refunds of member contributions	(655,604)	(599,078)	(642,569)	(710,700)
Administrative expense	(43,468)			
Net change in total pension liability	990,296	1,207,103	2,232,672	675,762
Total pension liability - beginning	11,636,936	12,627,232	13,834,335	16,067,007
Total pension liability - ending	12,627,232	13,834,335	16,067,007	16,742,769
Plan fiduciary net position:				
Contributions - employer	922,555	268,665	535,965	549,460
Contributions - member	197,927	196,719	203,726	190,579
Net investment income (loss)	1,681,148	30,643	(126,326)	1,390,852
Benefit payments, including refunds of member contributions	(655,604)	(599,078)	(642,569)	(710,700)
Administrative expense	(43,468)	(25,907)	(42,202)	(43,369)
Net change in plan fiduciary net position	2,102,558	(128,958)	(71,406)	1,376,822
Plan fiduciary net position - beginning	10,016,519	12,119,077	11,990,119	11,918,713
Plan fiduciary net position - ending	12,119,077	11,990,119	11,918,713	13,295,535
Net Pension Liability - Ending	\$ <u>508,155</u>	\$ <u>1,844,216</u>	\$ <u>4,148,294</u>	\$ <u>3,447,234</u>
Plan fiduciary net position as a percentage of the total pension liability	95.98%	86.67%	74.18%	79.41%
Covered-employee payroll	\$ 3,122,271	\$ 3,122,271	\$ 3,122,271	\$ 3,274,814
Net pension liability as a percentage of covered-employee	16.28%	59.07%	132.86%	105.27%

Notes to Schedule:

Changes of assumptions: In 2017, amounts reported as changes in assumptions resulted from the change in the discount rate from 7.25% to 7.00%.

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

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution	\$ 1,105,236	\$ 1,220,118	\$ 1,573,634	\$ 1,500,972	\$ 1,583,496	\$ 1,697,994	\$ 1,686,734	\$ 1,727,470	\$ 1,727,470	\$ 1,820,733
Contributions in relation to the actuarially determined contribution	<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>	<u>1,727,470</u>	<u>1,727,470</u>	<u>1,820,733</u>
Contribution Deficiency (Excess)	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 4,771,476	\$ 4,962,230	\$ 5,239,328	\$ 5,427,342	\$ 5,337,789	\$ 5,352,711	\$ 4,749,846	\$ 4,716,701	\$ 4,716,701	\$ 4,540,844
Contributions as a percentage of covered-employee payroll	14.02%	16.65%	18.38%	23.56%	25.16%	31.72%	39.32%	36.62%	36.62%	40.10%

Notes to Schedule

Valuation date: July 1, 2016

Measurement date: June 30, 2017

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 dollar, closed
Remaining amortization period	28 years
Asset valuation method	5-year smoothed market
Inflation	2.7%
Salary increases	3.0%, average, including inflation
Turnover	Graded rates by age
Investment rate of return	7.00%
Retirement age	Age 55 for Dispatchers, Age 60 for Pollution and Public Works, earlier of Age 50 or 25 years of service for Police and Age 62 for Management, Town Hall and Library.
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	Combined Healthy Mortality with generational projection per Scale BB

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution	\$ 483,721	\$ 429,319	\$ 522,765	\$ 487,057	\$ 481,339	\$ 443,288	\$ 450,378	\$ 535,965	\$ 535,965	\$ 549,460
Contributions in relation to the actuarially determined contribution	<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>	<u>268,665</u>	<u>535,965</u>	<u>549,460</u>
Contribution Deficiency (Excess)	<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>	<u>\$ 267,300</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 3,232,684	\$ 3,321,753	\$ 3,512,067	\$ 3,652,821	\$ 3,419,019	\$ 3,012,321	\$ 3,085,477	\$ 3,122,271	\$ 3,122,271	\$ 3,274,814
Contributions as a percentage of covered-employee payroll	25.79%	10.66%	12.32%	11.15%	22.00%	17.21%	29.90%	8.60%	17.17%	16.78%

Notes to Schedule

Valuation date: July 1, 2016

Measurement date: June 30, 2017

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 dollar, closed
Remaining amortization period	28 years
Asset valuation method	5-year smoothed market
Inflation	2.7%
Salary increases	3.0%, average, including inflation
Turnover	Graded rates by age
Investment rate of return	7.00%
Retirement age	Age 60 for Custodians/Maintainers, Age 62 for all others
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	Combined Healthy Mortality with generational projection per Scale BB

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

	2014	2015	2016	2017
Annual money-weighted rate of return, net of investment expense:				
Town Plan	16.37%	0.30%	-1.15%	11.54%
Board of Education Plan	16.90%	0.26%	-1.07%	11.64%

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

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>84,668,946</u>	<u>91,603,357</u>	<u>118,505,418</u>
Total	<u>\$ 84,668,946</u>	<u>\$ 91,603,357</u>	<u>\$ 118,505,418</u>
Town's covered-employee payroll	\$ 54,350,173	\$ 56,460,373	\$ 57,676,185
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	61.51%	59.50%	52.26%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2015.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	20.4 years
Asset valuation method	4-year smoothed market

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

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

	2017
Total pension liability:	
Service cost	\$ 300,153
Interest	752,807
Benefit payments, including refunds of member contributions	(566,113)
Net change in total pension liability	486,847
Total pension liability - beginning	10,732,510
Total pension liability - ending	11,219,357
Plan fiduciary net position:	
Contributions - employer	880,974
Net investment income	11,450
Benefit payments, including refunds of member contributions	(566,113)
Administrative expense	(1,125)
Net change in plan fiduciary net position	325,186
Plan fiduciary net position - beginning	1,741,352
Plan fiduciary net position - ending	2,066,538
Net Pension Liability - Ending	\$ 9,152,819
Plan fiduciary net position as a percentage of the total pension liability	18.42%
Covered-employee payroll	\$ 53,602,318
Net pension liability as a percentage of covered-employee payroll	17.08%

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

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution	\$	\$ 631,000	\$ 665,000	\$ 700,000	\$ 700,000	\$ 864,000	\$ 864,000	\$ 1,007,276	\$ 1,007,276	\$ 880,974
Contributions in relation to the actuarially determined contribution		<u>631,000</u>	<u>671,000</u>	<u>700,000</u>	<u>658,000</u>	<u>864,000</u>	<u>927,000</u>	<u>1,007,276</u>	<u>1,025,696</u>	<u>880,974</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(6,000)</u>	\$ <u>-</u>	\$ <u>42,000</u>	\$ <u>-</u>	\$ <u>(63,000)</u>	\$ <u>-</u>	\$ <u>(18,420)</u>	\$ <u>-</u>
Covered-employee payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 51,315,810	\$ 51,315,810	\$ 53,602,318
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.96%	2.00%	1.64%

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

2017

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

0.56%

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

APPENDIX B – FORM OF OPINION OF BOND COUNSEL – THE BONDS



280 Trumbull Street
Hartford, CT 06103-3597
Main (860) 275-8200
Fax (860) 275-8299

February __, 2018

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 __, 2018 (the “Tax Regulatory Agreement”), and other proofs submitted to us relative to the issuance and sale of \$11,500,000 Town of South Windsor, Connecticut General Obligation Bonds, Issue of 2018, dated February __, 2018 (the “Bonds”), maturing on February 15 in each of the years, in the principal amounts and bearing interest payable on August 15, 2018 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</u> <u>Maturity</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u> <u>Per Annum</u>	<u>Year of</u> <u>Maturity</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u> <u>Per Annum</u>
2019	\$390,000	%	2029	\$585,000	%
2020	580,000		2030	585,000	
2021	585,000		2031	585,000	
2022	585,000		2032	585,000	
2023	585,000		2033	585,000	
2024	585,000		2034	585,000	
2025	585,000		2035	585,000	
2026	585,000		2036	585,000	
2027	585,000		2037	585,000	
2028	585,000		2038	585,000	

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. 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



280 Trumbull Street
Hartford, CT 06103-3597
Main (860) 275-8200
Fax (860) 275-8299

February ___, 2018

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 ___, 2018 (the “Tax Regulatory Agreement”), and other proofs submitted to us relative to the issuance and sale of \$4,850,000 Town of South Windsor, Connecticut General Obligation Bond Anticipation Notes, dated February ___, 2018 and maturing February 14, 2019, consisting of Note R-1 in the aggregate principal amount of \$4,850,000, bearing interest at the rate of ___% per annum, with principal and interest payable at maturity (the “Notes”). The Notes are not subject to redemption prior to maturity.

The Notes are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), to effect a book-entry system for the ownership and transfer of the Notes. So long as DTC or its nominee is the registered owner, principal and interest payments on the Notes will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Notes, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Notes under authority of the Constitution and General Statutes of Connecticut and that the Notes are a valid general obligation of the Town the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the Town.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income for federal income tax purposes. The Town has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Notes shall be excluded from gross income for federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Notes.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Notes, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) the compliance by the Town with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by the ownership or disposition of the Notes.

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

These opinions are rendered as of the date hereof and are based on existing law, which is subject to change. We assume no obligation to update or supplement these opinions to reflect any facts or circumstances that may come to our attention, or to reflect any changes in law that may hereafter occur or become effective.

The rights of owners of the Notes and the enforceability of the Notes and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

Very truly yours,

ROBINSON & COLE LLP

APPENDIX D - FORM OF CONTINUING DISCLOSURE AGREEMENT – THE BONDS

CONTINUING DISCLOSURE AGREEMENT

Town of South Windsor, Connecticut
\$11,500,000 General Obligation Bonds, Issue of 2018
Dated February ___, 2018

February ___, 2018

WHEREAS, the Town of South Windsor, Connecticut (the “Town”) has heretofore authorized the issuance of \$11,500,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2018, dated February ___, 2018 (the “Bonds”), maturing on the dates and in the amounts set forth in the Town’s Official Statement dated February ___, 2018 describing the Bonds (the “Official Statement”); and

WHEREAS, the Bonds have been sold by a competitive bid pursuant to a Notice of Sale, dated January ___, 2018 (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: _____
Anitha Elango
Town Treasurer

APPENDIX E - FORM OF CONTINUING DISCLOSURE AGREEMENT – THE NOTES

CONTINUING DISCLOSURE AGREEMENT

Town of South Windsor, Connecticut
\$4,850,000 General Obligation Bond Anticipation Notes
Dated February ___, 2018

February ___, 2018

WHEREAS, the Town of South Windsor, Connecticut (the “Town”) has heretofore authorized the issuance of \$4,850,000 in aggregate principal amount of its General Obligation Bond Anticipation Notes, dated February ___, 2018 (the “Notes”), maturing on the dates and in the amounts set forth in the Town’s Official Statement dated February ___, 2018 describing the Notes (the “Official Statement”); and

WHEREAS, the Notes have been sold by a competitive bid pursuant to a Notice of Sale, dated January ___, 2018 (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: _____
Anitha Elango
Town Treasurer

APPENDIX F – NOTICE OF SALE – THE BONDS

**NOTICE OF SALE
\$11,500,000**

**TOWN OF SOUTH WINDSOR, CONNECTICUT
GENERAL OBLIGATION BONDS
ISSUE OF 2018**

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 1, 2018

for the purchase of all, but not less than all, of the \$11,500,000 Town of South Windsor, Connecticut General Obligation Bonds, Issue of 2018 (the “Bonds”). Electronic bids must be submitted via **PARITY®**. (See “Electronic Bidding Procedures”).

The Bonds

The Bonds will be dated February 15, 2018, mature in principal amounts of \$390,000 on February 15, 2019, \$580,000 on February 15, 2020, and \$585,000 on February 15 in each of the years 2021-2038, both inclusive, bear interest payable on August 15, 2018 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 23, 2018 (the “Preliminary Official Statement”).

The Bonds maturing on or before February 15, 2023 are not subject to redemption prior to maturity. The Bonds maturing on February 15, 2024 and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after February 15, 2023, 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, 2023 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. 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 \$11,500,000 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 15, 2018, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued to February 15, 2018, 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 1, 2018. 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, (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.

Obligation to Deliver Issue Price Certificate

Pursuant to the Code and applicable Treasury Regulations, the Town must establish the “issue price” of the Bonds. In order to assist the Town, the winning bidder is obligated to deliver to the Town a certificate (an “Issue Price Certificate”) and such additional information satisfactory to Bond Counsel described below, prior to the delivery of the Bonds. The Town will rely on the Issue Price Certificate and such additional information in determining the issue price of the Bonds. The form of Issue Price Certificate is available by contacting Mark N. Chapman, Director, Independent Bond and Investment Consultants, LLC, Email: mark.chapman@ibicllc.com, Telephone: (203) 245-7264, municipal advisor to the Town (the “Municipal Advisor”).

By submitting a bid, each bidder is certifying that (i) it is an underwriter of municipal bonds which has an established industry reputation for underwriting new issuances of municipal bonds, (ii) its bid is a firm offer to purchase the Bonds, (iii) its bid is a good faith offer which the bidder believes reflects current market conditions, and (iv) its bid is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale rule relating to the establishment of the issue price of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the “Competitive Sale Rule”).

The Municipal Advisor will advise the winning bidder if the Competitive Sale Rule was met at the same time it notifies the winning bidder of the award of the Bonds. **Bids will not be subject to cancellation in the event that the Competitive Sale Rule is not satisfied.**

Competitive Sale Rule Met. If the Municipal Advisor advises the winning bidder that the Competitive Sale Rule has been met, the winning bidder shall, within one (1) hour after being notified of the award of the Bonds, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial offering price to the public of each maturity of the Bonds as of the Sale Date.

Competitive Sale Rule Not Met. By submitting a bid, the winning bidder agrees (unless the winning bidder is purchasing the Bonds for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Rule is not met, it will satisfy either the **10% Sale Rule** or the **Hold the Offering Price Rule** described below with respect to each maturity of the Bonds prior to the delivery date of the Bonds. The rule selected with respect to each maturity of the Bonds shall be set forth on an Issue Price Rule Selection Certificate, which shall be sent to the winning bidder promptly after the award of the Bonds. The winning bidder shall complete and execute the Issue Price Rule Selection Certificate and email it to Bond Counsel and the Municipal Advisor by 5:00 P.M. on the day after the Sale Date. **If the Issue Price Rule Selection Certificate is not returned by this deadline, or if no selection is made with respect to a maturity, the winning bidder agrees that the Hold the Offering Price Rule shall apply to such maturities.**

10% Sale Rule. To satisfy the 10% Sale Rule for any maturity, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide the Town with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will report to the Town information regarding the actual prices at which at least 10 percent (10%) of the Bonds of each maturity have been sold to the public;

(iii) will provide the Town with reasonable supporting documentation or certifications of such sale prices, the form of which is acceptable to Bond Counsel. If the 10% Sale Rule is used with respect to a maturity of the Bonds, this reporting requirement will continue, beyond the closing date of the Bonds, if necessary, until such date that at least 10 percent (10%) of such maturity of the Bonds has been sold to the public; and

(iv) has or will include in any agreement among underwriters, selling group agreement or retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the reporting requirement described above.

Hold the Offering Price Rule. To satisfy the Hold the Offering Price Rule for any maturity, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will neither offer nor sell to any person any Bonds of such maturity at a price that is higher than the initial offering price of such maturity until the earlier of (i) the date on which the winning bidder has sold to the public at least ten percent (10%) of the Bonds of such maturity at a price that is no higher than the initial offering price of such maturity or (ii) the close of business on the fifth (5th) business day after the Sale Date of the Bonds; and

(iii) has or will include within any agreement among underwriters, selling group agreement or retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Bonds as set forth above.

For purposes of the 10% Sale Rule or the Hold the Offering Price Rule, a “maturity” refers to Bonds that have the same interest rate, credit and payment terms.

If the winning bidder has purchased any maturity of the Bonds for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Rule was met, the Issue Price Certificate will recite such facts and identify the price or prices at which such maturity of the Bonds was purchased.

For purposes of this Notice of Sale, the “public” does not include the winning bidder or any person that agrees pursuant to a written contract with the winning bidder to participate in the initial sale of the Bonds to the public (such as a retail distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Bonds to the public). In making the representations described above, the winning bidder must reflect the effect on the offering prices of any “derivative products” (e.g., a tender option) used by the bidder in connection with the initial sale of any of the Bonds.

Settlement of the Bonds

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 15, 2018. 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. 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

ANITHA ELANGO
Town Treasurer

January 23, 2018

ISSUE PRICE RULE SELECTION CERTIFICATE

Town of South Windsor, Connecticut
\$11,500,000 General Obligation Bonds, Issue of 2018

The undersigned, on behalf of [NAME OF UNDER/REP] (the “[UName]”) [(the “Representative”), on behalf of itself and [OTHER UNDER] (together, the “Underwriting Group”), hereby certifies that it will use the rule selected below for the respective maturity of the above-captioned bonds (the “Bonds”), as described in the Notice of Sale for the Bonds, dated January 23, 2018 (the “Notice of Sale”). For a description of the requirements of each rule, please refer to the section “Obligation to Deliver Issue Price Certificate” in the Notice of Sale. Capitalized terms used but not defined herein are defined in the Notice of Sale.

<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	10% Sale Rule (Underwriter has or will comply with 10% Sale Price Rule for this Maturity)		Hold the Offering Price Rule (Underwriter will comply with Hold the Offering Price Rule for this Maturity)	
			<u>Check Box</u>	<u>Sales Price</u>	<u>Check Box</u>	<u>Initial Offering Price</u>
02/15/2019	\$390,000	0.000%	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2020	580,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2021	585,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2022	585,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2023	585,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2024	585,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2025	585,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2026	585,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2027	585,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2028	585,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2029	585,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2030	585,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2031	585,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2032	585,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2033	585,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2034	585,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2035	585,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2036	585,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2037	585,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
02/15/2038	585,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____

(All Sales Prices or Initial Offering Prices must be filled in prior to the delivery date of the Bonds.)

[NAME OF UNDER/REP]

By: _____
Name:
Title:

Email this completed and executed certificate to the following by 5:00 P.M. on February 2, 2018:

Bond Counsel: wjohnson@rc.com

Municipal Advisor: mark.chapman@ibicllc.com

APPENDIX G – NOTICE OF SALE – THE NOTES

NOTICE OF SALE

\$4,850,000

TOWN OF SOUTH WINDSOR, CONNECTICUT GENERAL OBLIGATION BOND ANTICIPATION NOTES

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

FEBRUARY 1, 2018

for the purchase of \$4,850,000 Town of South Windsor, Connecticut General Obligation Bond Anticipation Notes (the “Notes”). Electronic bids must be submitted via **PARITY®**. (See “Electronic Bidding Procedures”).

The Town reserves the right to make changes to the provisions of this Notice of Sale, including the date and time of the sale, prior to the date and time of sale set forth above. Any such changes will be posted through **PARITY®**. Prospective bidders are advised to check for such **PARITY®** postings prior to the above stated sale time.

The Notes

The Notes will be dated February 15, 2018 and will be payable to the registered owner on February 14, 2019 as further described in the Preliminary Official Statement for the Notes dated January 23, 2018 (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. The Notes are not subject to redemption prior to maturity.

Nature of Obligation

The full faith and credit of the Town will be pledged for the prompt payment of the principal of and the interest on the Notes when due. The Notes will be general obligations of the Town payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

Bank Qualification

The Notes shall NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, 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. 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 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. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

Bid Specifications/Basis of Award

Proposals for the purchase of the Notes must provide the information in accordance with the requirements prescribed herein. A proposal may be for all or any part of the Notes but any proposal for a part must be for not less than \$100,000, or a whole multiple thereof, and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. As between proposals resulting in the same lowest net interest cost (rounded to six decimal places) to the Town, the award will be made on the basis of the highest principal amount of the Notes specified. No bid for less than par and accrued interest, if any, will be considered and the Town reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. If a bidder is awarded only a part of the Notes bid for in its proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the Town with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid, rounded to six decimal places. The Notes will be awarded or all bids will be rejected promptly after the bid opening, but not later than 4:00 P.M. (E.S.T.) on February 1, 2018. The purchase price must be paid in Federal funds.

The Town reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. The Town further reserves the right to postpone the sale to another time and date in its sole and absolute discretion for any reason, including, without limitation, internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Unless all bids are rejected or the bid is postponed, the 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, (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.

Obligation to Deliver Issue Price Certificate

Pursuant to the Code and applicable Treasury Regulations, the Town must establish the “issue price” of the Notes. In order to assist the Town, each winning bidder is obligated to deliver to the Town a certificate (an “Issue Price Certificate”) and such additional information satisfactory to Bond Counsel described below, prior to the delivery of the Notes. The Town will rely on the Issue Price Certificate and such additional information in determining the issue price of the Notes. The form of Issue Price Certificate is available by contacting Mark N. Chapman, Director, Independent Bond and Investment Consultants, LLC, Email: mark.chapman@ibicllc.com, Telephone: (203) 245-7264, municipal advisor to the Town (the “Municipal Advisor”).

By submitting a bid, each bidder is certifying that (i) it is an underwriter of municipal notes which has an established industry reputation for underwriting new issuances of municipal notes, (ii) its bid is a firm offer to purchase the Notes, (iii) its bid is a good faith offer which the bidder believes reflects current market conditions, and (iv) its bid is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale rule relating to the establishment of the issue price of the Notes pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal notes who have established industry reputations for underwriting new issuances of municipal notes (the “Competitive Sale Rule”).

The Municipal Advisor will advise the winning bidders if the Competitive Sale Rule was met at the same time it notifies the winning bidders of the award of the Notes. **Bids will not be subject to cancellation in the event that the Competitive Sale Rule is not satisfied.**

Competitive Sale Rule Met. If the Municipal Advisor advises the winning bidders that the Competitive Sale Rule has been met, the winning bidders shall, within one (1) hour after being notified of the award of the Notes, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial offering price to the public of the Notes as of the Sale Date.

Competitive Sale Rule Not Met. By submitting a bid, the winning bidders agree (unless the winning bidder is purchasing the Notes for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Rule is not met, it will satisfy either the **10% Sale Rule** or the **Hold the Offering Price Rule** described below with respect to each maturity of the Notes prior to the delivery date of the Notes. The rule selected with respect to each maturity of the Notes shall be set forth on an Issue Price Rule Selection Certificate, the form of which is attached hereto, which shall be sent to the winning bidders promptly after the award of the Notes. The winning bidders shall complete and execute the Issue Price Rule Selection Certificate and email it to Bond Counsel and the Municipal Advisor by 5:00 P.M. on the day after the Sale Date. **If the Issue Price Rule Selection Certificate is not returned by this deadline, or if no selection is made, the winning bidders agree that the Hold the Offering Price Rule shall apply to such Notes.**

10% Sale Rule. To satisfy the 10% Sale Rule for any maturity of the Notes, the winning bidders:

(i) will make a bona fide offering to the public of all of the Notes at the initial offering prices and provide the Town with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will report to the Town information regarding the actual prices at which at least 10 percent (10%) of the Notes (or each maturity thereof, if applicable) have been sold to the public;

(iii) will provide the Town with reasonable supporting documentation or certifications of such sale prices, the form of which is acceptable to Bond Counsel. If the 10% Sale Rule is used with respect to a maturity of the Notes, this reporting requirement will continue, beyond the closing date of the Notes, if necessary, until such date that at least 10 percent (10%) of such maturity of the Notes has been sold to the public; and

(iv) has or will include in any agreement among underwriters, selling group agreement or retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, language obligating each underwriter to comply with the reporting requirement described above.

Hold the Offering Price Rule. To satisfy the Hold the Offering Price Rule for any maturity of the Notes, the winning bidders:

(i) will make a bona fide offering to the public of all of the Notes at the initial offering price(s) and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will neither offer nor sell to any person any Notes at a price that is higher than the initial offering price of such Notes until the earlier of (i) the date on which the winning bidder has sold to the public at least ten percent (10%) of such maturity of the Notes at a price that is no higher than the initial offering price of such maturity of the Notes or (ii) the close of business on the fifth (5th) business day after the Sale Date of the Notes; and

(iii) has or will include within any agreement among underwriters, selling group agreement or retail distribution agreement (to which each winning bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Notes as set forth above.

For purposes of the 10% Sale Rule or the Hold the Offering Price Rule, a “maturity” refers to Notes that have the same interest rate, credit and payment terms.

If a winning bidder has purchased any maturity of the Notes for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Rule was met, the Issue Price Certificate will recite such facts and identify the price or prices at which such maturity of the Notes was purchased.

For purposes of this Notice of Sale, the “public” does not include the winning bidders or any person that agrees pursuant to a written contract with the winning bidders to participate in the initial sale of the Notes to the public (such as a retail distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Notes to the public). In making the representations described above, the winning bidders must reflect the effect on the offering prices of any “derivative products” (e.g., a tender option) used by the winning bidder in connection with the initial sale of any of the Notes.

Settlement of the Notes

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 15, 2018. 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

ANITHA ELANGO

Town Treasurer

January 23, 2018

ISSUE PRICE RULE SELECTION CERTIFICATE

Town of South Windsor, Connecticut
\$4,850,000 General Obligation Bond Anticipation Notes

The undersigned, on behalf of [NAME OF UNDER/REP] (the “[UName]”) [(the “Representative”), on behalf of itself and [OTHER UNDER] (together, the “Underwriting Group”), hereby certifies that it will use the rule selected below for the respective maturity of the above-captioned Notes (the “Notes”), as described in the Notice of Sale for the Notes, dated January 23, 2018 (the “Notice of Sale”). For a description of the requirements of each rule, please refer to the section “Obligation to Deliver Issue Price Certificate” in the Notice of Sale. Capitalized terms used but not defined herein are defined in the Notice of Sale.

<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	10% Sale Rule (Underwriter has or will comply with 10% Sale Price Rule for this Maturity)		Hold the Offering Price Rule (Underwriter will comply with Hold the Offering Price Rule for this Maturity)	
			<u>Check Box</u>	<u>Sales Price</u>	<u>Check Box</u>	<u>Initial Offering Price</u>
02/14/2019	\$[000,000	0.000%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/14/2019	000,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____

(All Sales Prices or Initial Offering Prices must be completed prior to the delivery date of the Notes.)

[NAME OF UNDER/REP]

By: _____

Name:

Title:

Email this completed and executed certificate to the following by 5:00 P.M. on February 2, 2018:

Bond Counsel: wjohnson@rc.com

Municipal Advisor: mark.chapman@ibicllc.com