

## FINAL OFFICIAL STATEMENT DATED SEPTEMBER 22, 2020

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

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

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



### **Town of Windham, Connecticut** **\$23,205,000** **General Obligation Bonds, Issue of 2020**

**Dated: Date of Delivery**

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

The Town of Windham General Obligation Bonds, Issue of 2020 (the "Bonds") will be general obligations of the Town of Windham, Connecticut (the "Town") and the Town will pledge its full faith and credit to pay the principal of and the interest on the Bonds when due (see "Security and Remedies" herein).

Interest on the Bonds will be payable semiannually on February 15 and August 15 in each year until maturity, commencing August 15, 2021.

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

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### **\$30,940,000** **General Obligation Bond Anticipation Notes**

**Dated: October 1, 2020**

**Due: September 30, 2021**

The Town's General Obligation Bond Anticipation Notes, dated October 1, 2020 (the "Notes") will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and the interest on the Notes when due. (See "Security and Remedies" herein.)

The Notes are NOT subject to redemption.

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

The scheduled payment of principal of and interest on the Bonds maturing on **August 15** of the years **2026, 2027, 2030, 2032, 2035 and 2037**, inclusive, with CUSIP #('s) **973279TU6, 973279TV4, 973279TY8, 973279UA8, 973279UD2 and 973279UE0** (collectively, the "Insured Bonds"), when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Insured Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY.

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

The Bonds and Notes are offered for delivery when, as and if issued, subject to the approving opinion of Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut and certain other conditions. Certain matters will be passed upon for the Underwriters by Updike, Kelly & Spellacy, P.C., of Hartford, Connecticut, Underwriters' Counsel. It is expected that delivery of the Bonds and Notes in book-entry-only form will be made to DTC on or about October 1, 2020.

**BAIRD**

**PIPER SANDLER**

**Town of Windham, Connecticut**  
**\$23,205,000**  
**General Obligation Bonds, Issue of 2020**

**Dated:**    **Date of Delivery**

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

<b>Year</b>	<b>Principal</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP<sup>1</sup></b>	<b>Year</b>	<b>Principal</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP<sup>1</sup></b>
2023	\$ 755,000	5.000%	0.440%	973279TR3	2030 <sup>2</sup>	\$ 885,000	5.000%	1.310%	973279TY8
2024	770,000	5.000%	0.500%	973279TS1	2031 <sup>3</sup>	920,000	5.000%	1.430%	973279TZ5
2025	795,000	5.000%	0.590%	973279TT9	2032 <sup>2,3</sup>	945,000	4.000%	1.700%	973279UA8
2026 <sup>2</sup>	810,000	4.000%	0.720%	973279TU6	2033 <sup>3</sup>	965,000	5.000%	1.640%	973279UB6
2027 <sup>2</sup>	825,000	4.000%	0.880%	973279TV4	2034 <sup>3</sup>	995,000	5.000%	1.720%	973279UC4
2028	850,000	5.000%	1.070%	973279TW2	2035 <sup>2,3</sup>	1,025,000	4.000%	1.920%	973279UD2
2029	865,000	5.000%	1.210%	973279TX0					

**\$2,135,000 4.000% Term Bond due August 15, 2037<sup>2,3</sup> – Yield 2.030% CUSIP<sup>1</sup>: 973279UE0**

**\$3,390,000 4.000% Term Bond due August 15, 2040<sup>3</sup> – Yield 2.180% CUSIP<sup>1</sup>: 973279UF7**

**\$6,275,000 4.000% Term Bond due August 15, 2045<sup>3</sup> – Yield 2.380% CUSIP<sup>1</sup>: 973279UG5**

<sup>2</sup> These maturities are insured by Build America Mutual Assurance Company.

<sup>3</sup> Priced assuming redemption on August 15, 2030; however, any such redemption is at the option of the Town.

**\$30,940,000**  
**General Obligation Bond Anticipation Notes**

**Dated:**    **October 1, 2020**

**Due:**     **September 30, 2021**

**CUSIP:** <sup>1</sup> **973279UH3**

**Rate:**    **2.00%**

**Yield:**   **0.30%**

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

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

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

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

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

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

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

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

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## Table of Contents

	<u>Page</u>		<u>Page</u>
<b>I. Bond &amp; Note Information.....</b>	<b>1</b>	Percentage Unemployed .....	26
Introduction.....	1	Commute to Work .....	27
Global Health Emergency Risk.....	2	Housing Inventory .....	27
Municipal Advisor.....	4	Age Characteristics of Housing.....	27
The Bonds.....	4	Value of Owner Occupied Housing .....	28
Description of the Bonds.....	4	Building Permits .....	28
Redemption Provisions .....	4	<b>IV. Tax Base Data.....</b>	<b>29</b>
Mandatory Sinking Fund Redemption .....	5	Property Tax - Assessments.....	29
Description of the Notes.....	5	Levy.....	30
Authorization and Purpose.....	5	Comparative Assessed Valuations.....	30
Use of Proceeds .....	6	Ten Largest Taxpayers .....	31
Plan of Refunding .....	6	Property Tax Levies and Collections.....	31
Sources and Uses of Bond and Note Proceeds .....	6	Property Tax Receivables .....	31
Book-Entry-Only Transfer System.....	7	<b>V. Debt Summary.....</b>	<b>32</b>
DTC Practices.....	8	Principal Amount of Indebtedness.....	32
Replacement Bonds or Notes.....	8	Short Term Debt.....	32
Security and Remedies.....	8	Annual Bonded Debt Maturity Schedule.....	33
Qualification for Financial Institutions.....	9	Overlapping/Underlying Debt .....	34
Availability of Continuing Disclosure Information.....	9	Temporary Financing .....	34
Bond Insurance.....	10	Clean Water Fund Program .....	34
Bond Insurance Policy.....	10	Debt Statement.....	35
Build America Mutual Assurance Company.....	10	Current Debt Ratios.....	35
Ratings.....	11	Statement of Statutory Debt Limitation .....	36
Tax Matters .....	12	Authorized But Unissued Debt.....	37
Legal Opinion .....	13	Ratio of Net Long-Term Debt to Valuation, Population and Income .....	38
Registrar, Transfer Agent, Paying Agent and Certifying Agent .....	13	Ratio of Annual Long-Term Debt to Expenditures .....	38
Underwriting .....	14	<b>VI. Financial Administration.....</b>	<b>39</b>
<b>II. The Issuer.....</b>	<b>15</b>	Fiscal Year.....	39
Description of the Municipality.....	15	Basis of Accounting.....	39
Form of Government.....	16	Budget Adoption Procedure.....	39
Principal Municipal Officials .....	17	Fiscal Year 2020-21 Budget .....	40
Summary of Municipal Services.....	17	Audit.....	40
Principal Public Facilities.....	18	Liability Insurance.....	40
Educational Services.....	18	Capital Improvement Plan .....	40
School Enrollment.....	18	Pensions.....	41
School Facilities.....	19	Net Pension Liability.....	41
Employee Relations and Collective Bargaining .....	19	Pension Sensitivity Analysis .....	42
Municipal Employees.....	19	Schedule of Employer Contributions .....	42
Employee Relations .....	19	Other Post-Employment Benefits.....	43
<b>III. Economic and Demographic Information.....</b>	<b>21</b>	Investment Policy .....	44
Economic Condition and Outlook .....	21	Risk Management.....	45
Population and Density.....	24	General Fund Revenues and Expenditures.....	46
Age Distribution of the Population.....	24	Comparative Balance Sheets .....	47
Income Levels .....	24	<b>VII. Legal and Other Information.....</b>	<b>48</b>
Income Distribution.....	25	Board of Education Dedicated Health Care Self-Insurance Reserve Fund Matter .....	48
Educational Attainment.....	25	Legal Matters .....	48
Major Employers.....	25	Litigation.....	48
Employment by Industry.....	26	Documents Furnished At Delivery.....	48
		Concluding Statement.....	49
		<b>Appendix A - Town's 2019 CAFR</b>	
		<b>Appendix B-1 Form of Opinion of Bond Counsel - the Bonds</b>	
		<b>Appendix B-2 Form of Opinion of Bond Counsel - the Notes</b>	
		<b>Appendix C-1 Form of Continuing Disclosure Agreement - the Bonds</b>	
		<b>Appendix C-2 Form of Continuing Disclosure Agreement - the Notes</b>	
		<b>Appendix D - Specimen Municipal Bond Insurance Policy</b>	

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## ***I. Bond & Note Information***

### ***Introduction***

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Windham, Connecticut (the “Town”) in connection with the issuance and sale of the Town’s \$23,205,000 General Obligation Bonds, Issue of 2020 (the “Bonds”) and \$30,940,000 General Obligation Bond Anticipation Notes (the “Notes”) of the Town.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds or the Notes. Any statement made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not intended to be representations of fact, and no representation is made that any of such statements will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof.

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

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

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

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

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

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

## ***Global Health Emergency Risk***

### ***Consideration for Bondholders***

In making an investment decision with respect to the Bonds and the Notes, investors should consider carefully the information in this Official Statement, including the following.

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

The outbreak of COVID-19, a respiratory virus caused by a new strain of coronavirus, has been declared a Public Health Emergency of International Concern by the World Health Organization. On March 13, 2020, the President of the United States declared a national emergency. The outbreak of the virus has affected travel, commerce and financial markets globally, and is widely expected to affect economic growth worldwide.

The ongoing impact of COVID-19 has materially affected state, national, and global activity; and increased public health emergency response costs. Many states and municipalities have taken measures that are having negative effects on global and local economies. In addition, businesses and people have altered behaviors in manners that are negatively affecting the economy.

Although COVID-19 has not had a material adverse effect on the Town's finances or impacted its credit ratings to date, there can be no assurances that COVID-19 will not materially adversely impact the financial condition of the Town, including the Town's credit ratings and ability to pay debt service on the Bonds and the Notes in the future.

### ***State and Local Efforts to Mitigate the Ongoing Impact of COVID-19***

On March 10, 2020, Governor Lamont declared a state of emergency throughout the State of Connecticut (the "State") as a result of the COVID-19 outbreak. State agencies were directed to use all resources necessary to prepare for and respond to the outbreak and resulting emergency. Immediately after the outbreak, the Governor restricted social and recreational gatherings to no more than 5 people, suspended activity at the State Capitol and legislative office building, suspended non-exigent operations of the judicial branch, limited restaurants to take-out and delivery only, required all businesses and not-for-profit entities in the State to employ, to the maximum extent possible, any telecommuting or work from home procedures that they can safely employ, required closure of all non-essential businesses and not-for-profit entities and instituted a 60-day residential rent moratorium. The Governor also cancelled all public-school classes through the 2020 school year.

On April 30, 2020, Governor Lamont announced a four-stage plan to reopen the State's economy as a result of steady declines in hospitalizations related to the virus (the "Reopening Plan"). Phase one of the Reopening Plan began on May 20, 2020 and allowed retailers, offices, outdoor restaurants and outdoor recreation facilities to open. Phase two of the Reopening Plan commenced on June 17, 2020 and is currently in place. This phase permits (but did not require) certain businesses to open under sector-specific rules. Those businesses include but are not limited to, hotels, indoor dining, libraries, nail salons and tattoo parlors, and the sector-specific rules include detailed information and requirements about physical distancing, facility capacity, hygiene, sanitizing, signage, personal protective equipment, scheduling, and training. Additionally, at varying dates within phase two, educational and community services, such as selected youth sports, public libraries, day camps and summer schools, are permitted to open.

The Reopening Plan includes phases three and four but entering those phases will depend upon the impact the prior phases have on communities and many other factors including, but not limited to, the continuing decline of new outbreaks of the virus and availability of personal protective equipment for hospital workers.

During phase two of the Reopening Plan and to assist municipalities in addressing the 2020-2021 school year, the State of Connecticut Department of Education released "Adapt, Advance, Achieve: Connecticut's Plan to Learn and Grow Together" which is a comprehensive plan that will serve as a roadmap for school districts as they plan to reopen schools. This plan includes in person schooling for all ages with a structure that ensures safety protocols, provides for students' social-emotional well-being and mitigating any barriers to accessing equitable opportunities that increased during the COVID-19 pandemic. While school districts retain discretion in implementing approaches to reopening, the six guiding principles of Adapt, Advance and Achieve require school districts to develop their reopening plans with a certain amount of regional consistency. Understanding that health developments may influence decisions to transition to different instructional models, school districts are encouraged to be flexible in their planning with contingency plans in place for blended or remote learning for all grades. To date, the Windham school district began the school year on September 8,



2020 with a choice of either a hybrid in-person option or virtual learning only. However, the Town can't predict how or when this plan may change or the potential economic impact any such change will have on the Town.

The continued spread of the virus and any prolonged effects on the national and State economy could have a materially adverse effect on the Town's finances and economy. On March 16, 2020, the Town Manager of the Town declared a local state of emergency. Town Hall is closed to the public and operating with limited staff performing essential services. In addition, the Town has taken multiple measures to limit the congregation of groups and enhance social distancing. While a potential risk, the Town does not appear to have had a materially adverse financial effect on the Town for Fiscal Year 2020. The Town's finances and financial plans have remained stable. Approximately 99% of the Town's Fiscal Year 2020 annual revenues have been received as of June 30, 2020. Approximately 98.3% of the Town's budgeted property taxes have been collected through June 30, 2020. The Town is expected to end the recently completed fiscal year with a modest surplus of approximately \$560,568.

### ***COVID-19 Outbreak – Municipal Tax Relief Programs***

On April 1, 2020, in response to the COVID-19 emergency, Governor Ned Lamont issued Executive Order No. 7S ("Order 7S"), as amended by Executive Order No. 7W on April 9, 2020 ("Order 7W"), which creates two short-term tax relief programs and requires all towns, cities, and boroughs as well as their water pollution control authorities to adopt either or both of them by a vote of the legislative body. One program defers tax payments by three months for taxpayers based on a showing of need, while the other reduces the interest chargeable for all taxpayers in the municipality for three months. Additionally, the programs also apply to benefit assessments, including C-Pace assessments, under Section 16a-40g of the Connecticut General Statutes.

All municipalities were directed to notify the Secretary of the Office of Policy and Management ("OPM") no later than April 25, 2020 which program or programs it intended to elect. The Town Council and the Willimantic Taxing District both adopted the "Deferment Program" on April 21, 2020 and May 5, 2020, respectively, with eligibility extended to all taxpayers. The "Deferment Program" delays by three months payments due on any unescrowed taxes on real estate, motor vehicles, and personal property as well as unescrowed municipal utility charges. This program applies to charges which would otherwise be due from April 1 to July 1, 2020. Financial institutions and mortgage servicers that hold property tax payments in escrow are required to continue to remit property taxes to the Town according to the regular timetable, so long as the borrower remains current on its mortgage or is in a mortgage forbearance or deferment program.

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

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Stabilization Act (the "CARES Act") that provides in excess \$2 trillion of relief to industries and entities throughout the country, including state and local governments. Under the CARES Act, \$150 billion was appropriated to states and other units of government for activities that are directly related to COVID-19; the amount paid to each state is based on population with a minimum payment of \$1.25 billion. The State received approximately \$1.4 billion in such funding, and it has the discretion to provide those funds to local governments. In addition, the CARES Act provides \$454 billion to the Federal Reserve to purchase business, state or municipal securities in order to provide a level of liquidity to the municipal market. Other financial relief affecting states and local governments includes \$30.9 billion for education, \$10 billion for airports, \$25 billion for transit providers, and \$17 billion for housing, including \$5 billion for Community Development Block Grants for COVID-19 related services.

On April 24, 2020, President Trump signed into law the Paycheck Protection Program and Health Care Enhancement Act. The legislation included \$484 billion of additional funding to support small businesses, hospitals and to enhance COVID-19 testing. On June 5, 2020, President Trump signed into law the Paycheck Protection Flexibility Act, which legislation eases restrictions on how and when the money lent to small businesses must be spent in order to be forgiven.

On March 28, 2020, President Trump approved Governor Lamont's request for a disaster declaration for the State of Connecticut. Under the declaration, it is expected that federal funding will be made available to state, tribal and eligible local governments and certain private nonprofit organizations for emergency protective measures, including direct federal assistance, for all areas of Connecticut impacted by COVID-19. The impacted agencies and towns will be reimbursed for 75 percent of the costs associated with their response and emergency protective measures.

On June 4, 2020, Governor Lamont established the Connecticut Municipal Coronavirus Relief Fund Program which details a process by which Connecticut municipalities can receive reimbursements from the State using the Coronavirus Relief Fund to offset non-budgeted COVID-19 related expenditures that are incurred on or after March 1, 2020 through December 30, 2020. It is expected that the moneys from the program can be used as the Town's 25% local match against the 75% FEMA Disaster Declaration reimbursement. Under the program, the Town's maximum reimbursement for COVID-19 related expenditures through June 30, 2020 is \$158,294. The Program will be re-evaluated for expense reimbursements beyond June 30, 2020. The Town is currently in the process of applying for the eligible expenses from FEMA and once completed will apply to the State for the remainder under the CARES Act.

## ***Municipal Advisor***

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

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

## ***The Bonds***

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

The Bonds will be payable as set forth on the inside cover page of this Official Statement. The Bonds will be dated on the date of delivery and will pay interest on August 15, 2021 and semiannually thereafter on February 15 and August 15 in each year until maturity. Interest will be calculated on the basis of twelve thirty-day months and a 360-day year. Interest is payable to the registered owner as of the close of business on the last business day of January and July in each year by check mailed to the registered owner or, so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC and the Town shall agree. The Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Bonds will be payable at the principal office of U.S. Bank National Association, Goodwin Square, 23rd Floor, 225 Asylum Street, Hartford, Connecticut 06103.

### ***Redemption Provisions***

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

<b><i>Redemption Dates</i></b>	<b><i>Redemption Prices</i></b>
August 15, 2030 and thereafter.....	100.0%

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

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of the 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 Bonds to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

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

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

The Bond maturing on August 15, 2037, August 15, 2040 and August 15, 2045 are issued as term bonds and are subject to mandatory sinking fund redemption prior to maturity in part on August 15 of the respective years shown below in the principal amount shown below, without premium, from sinking fund installments deposited with the Paying Agent which are required to be made in amounts sufficient to redeem such Bonds (or to pay such Bonds at maturity in the case of the final sinking fund installment for such Bonds) in the principal amounts shown below, plus accrued interest to the date of redemption:

<b><i>\$2,135,000 Term Bond Maturing August 15, 2037</i></b>		<b><i>\$3,390,000 Term Bond Maturing August 15, 2040</i></b>		<b><i>\$6,275,000 Term Bond Maturing August 15, 2045</i></b>	
<b><i>Due</i></b>	<b><i>Sinking Fund Installments</i></b>	<b><i>Due</i></b>	<b><i>Sinking Fund Installments</i></b>	<b><i>Due</i></b>	<b><i>Sinking Fund Installments</i></b>
2036	\$ 1,055,000	2038	\$ 1,105,000	2041	\$ 1,190,000
2037 <sup>1</sup>	1,080,000	2039	1,130,000	2042	1,225,000
<sup>1</sup> Final Maturity		2040 <sup>1</sup>	1,155,000	2043	1,255,000
		<sup>1</sup> Final Maturity		2044	1,285,000
				2045 <sup>1</sup>	1,320,000
				<sup>1</sup> Final Maturity	

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

The Notes will be dated October 1, 2020 and will be due and payable as to both principal and interest at maturity, September 30, 2021. The Notes will bear interest calculated on the basis of twelve 30-day months and a 360-day year at such rate or rates per annum as are specified by the successful bidder or bidders. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$5,000 or any multiple thereof, with transfers of ownership effected on the records of DTC, and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry Transfer System”. The Notes are not subject to redemption prior to maturity.

### ***Authorization and Purpose***

The Bonds and Notes are issued pursuant to resolutions adopted by the Town Council and all resolutions were approved at Town Meetings or referenda of the Town, except for the clean water fund refunding resolution and those resolutions that were approved during the COVID-19 pandemic in accordance with Governor Lamont’s Executive Orders, including the resolution related to the Wastewater Treatment Facility Upgrade, the Various Windham Water Work Capital Improvements and the Intramodal Transportation Center / Parking Garage Projects.

## Use of Proceeds

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

Project	Aggregate Amount Authorized	Premium Applied	This Issue:	
			The Bonds	Notes Due: 9/30/21
Refunding Bonds.....	\$ 10,000,000	\$ -	\$ 6,620,000	\$ -
Wastewater Treatment Facility Upgrade.....	5,500,000	750,000	4,750,000	-
Various Windham Water Works				
Capital Improvements.....	3,001,000	405,000	2,595,000	-
Intermodal Transportation Center /				
Parking Garage.....	12,800,000	-	-	6,800,000
Senior/Community Center.....	15,595,000	1,300,000	7,700,000	6,595,000
Windham High School Renovation.....	112,332,777	-	-	14,000,000
Road & Sidewalks Phase IV.....	2,400,000	200,000	1,300,000	900,000
DPW Improvements.....	400,000	40,000	240,000	-
2020 BOE Capital Projects.....	4,554,500	-	-	2,000,000
2020 Town Capital Projects.....	668,300	-	-	645,000
<b>Total .....</b>	<b>\$ 167,251,577</b>	<b>\$ 2,695,000</b>	<b>\$ 23,205,000</b>	<b>\$ 30,940,000</b>

## Plan of Refunding

A portion of the Bonds (the “Refunding Obligations”) are being issued to refund at or prior to maturity all of those certain State Clean Water Fund Loan obligations of the Town as set forth below (the “Refunded Obligations”). The refunding is contingent upon delivery of the Bonds.

Issue	Dated Date	Maturity Date	Interest Rate	Par Amount	Redemption Date	Redemption Price
2008 CWF Loan	7/31/2008	1/31/2027	2.000%	\$ 244,173.00	10/1/2020	100.00%
2012 CWF Loan	3/1/2012	2/1/2032	2.000%	\$ 8,795,638.01	10/1/2020	100.00%
<b>Total .....</b>				<b>\$ 9,039,811.01</b>		

## Sources and Uses of Bond and Note Proceeds:

	The Bonds	The Notes	Total
<b>Sources:</b>			
Par Amount .....	\$ 23,205,000.00	\$ 30,940,000.00	\$ 54,145,000.00
Net Original Issue Premium .....	4,638,607.85	522,886.00	5,161,493.85
CWF Debt Reserve Balance .....	1,184,115.02	-	1,184,115.02
<b>Total Sources .....</b>	<b>\$ 29,027,722.87</b>	<b>\$ 31,462,886.00</b>	<b>\$ 60,490,608.87</b>
<b>Uses:</b>			
Bonds Capital Projects Fund .....	\$ 10,780,000.00	\$ -	\$ 10,780,000.00
WPCA Capital Project Fund .....	5,500,000.00	-	5,500,000.00
Water Plant Upgrade .....	3,000,000.00	-	3,000,000.00
Note Capital Projects Fund .....	-	30,940,000.00	30,940,000.00
Clean Water Fund Loan Payoff .....	9,039,811.01	-	9,039,811.01
Debt Service Fund .....	500,000.00	360,331.16	860,331.16
Costs of Issuance .....	74,452.86	85,714.28	160,167.14
Underwriters' Discount <sup>1</sup> .....	133,459.00	76,840.56	210,299.56
<b>Total Uses .....</b>	<b>\$ 29,027,722.87</b>	<b>\$ 31,462,886.00</b>	<b>\$ 60,490,608.87</b>

<sup>1</sup> Includes bond insurance.

## ***Book-Entry-Only Transfer System***

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

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

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

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

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

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

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

Principal, interest and redemption payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance

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

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

### ***DTC Practices***

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

### ***Replacement Bonds or Notes***

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

### ***Security and Remedies***

The Bonds and the Notes will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds and the Notes when due.

Unless paid from other sources, the Bonds and the Notes are payable from general property tax revenues of the Town. The Town has the power under Connecticut statutes to levy ad valorem taxes on all property subject to taxation by the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income and of qualified disabled persons taxable at limited amounts. There was, however, no such certified forest land on the last completed grand list of the Town and under existing statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation on its power to tax such dwelling houses.

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

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

The Town is subject to suit on its general obligation debt and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the Town. A court of competent jurisdiction also has the power in appropriate proceedings to order a payment of a judgment on the Bonds and Notes from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts

could take into account all relevant factors, including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on the Bonds and the Notes would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors rights heretofore or hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied.

Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy under Chapter 9 of Title 11 of the United States Code without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State of Connecticut having the power to levy taxes and issue bonds or other obligations.

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

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

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

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

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

The Town failed to file timely submissions to Municipal Securities Rulemaking Board Electronic Municipal Market Access (“EMMA”) by February 29, 2016, February 28, 2017, February 28, 2018 and February 29, 2020 of certain annual financial information and operating data. Notices of failure to file annual financial information were timely filed for the information due on February 29, 2016, February 28, 2017, February 28, 2018, and February 29, 2020, respectively. On July 28, 2016, July 27, 2017, June 4, 2018 and July 27, 2020, the Town filed with EMMA the annual financial information required for fiscal years ending June 30, 2015, June 30, 2016, June 30, 2017 and June 30, 2019, respectively. The annual financial information due on February 28, 2015 and February 28, 2019 was timely filed on February 27, 2015 and February 25, 2019. The Town has hired additional staff and installed a new financial software system which the Town anticipates will facilitate more timely financial disclosure in future years. The Municipal Advisor and Bond Counsel will also assist the Town in meeting its continuing disclosure obligations.

The Town prepares, in accordance with state law, annual audited financial statements and files such annual audits with the State of Connecticut, Office of Policy and Management. The Town provides, and will continue to provide, to Moody’s Investors Service and S&P Global Ratings ongoing disclosure in the form of the Annual Financial Report, Recommended and Adopted Budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

## ***Bond Insurance***

### **Bond Insurance Policy**

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy (the “Policy”) for the Bonds maturing on August 15 of the years 2026, 2027, 2030, 2032, 2035 and 2037, inclusive, with CUSIP #(s) 973279TU6, 973279TV4, 973279TY8, 973279UA8, 973279UD2 and 973279UE0 (collectively, the “Insured Bonds”). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

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

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

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

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

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

### ***Capitalization of BAM***

BAM’s total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2020 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$488.7 million, \$143.6 million and \$345.1 million, respectively.

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

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

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



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

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

**Disclaimers.** The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

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

## ***Ratings***

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

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

## ***Tax Matters***

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

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

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

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

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

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

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

**Other Federal Tax Matters.** Prospective purchasers of the Tax Exempt Obligations should be aware that ownership of the Tax Exempt Obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Tax Exempt Obligations should consult their tax advisors regarding collateral federal income tax consequences. Prospective purchasers of the Tax Exempt Obligation may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

**State Taxes.** In the opinion of Bond Counsel, under existing statutes, interest on the Tax Exempt Obligations is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

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

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

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

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

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

**General.** The opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the date of its opinion. Bond Counsel's opinions are based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinion is not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinion represents Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

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

### ***Legal Opinion***

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

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

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

## ***Underwriting***

The Bonds and the Notes are being purchased by Robert W. Baird & Co. and Piper Sandler & Co. (the “Underwriters”) pursuant to the terms of a purchase contract for the Bonds and the Notes with the Town (the “Bond and Note Purchase Agreement”). The Underwriters have agreed, subject to certain conditions set forth in the Bond and Note Purchase Agreement, to purchase the Bonds from the Town at the net aggregate purchase price of \$27,724,556.21, (consisting of the principal amount of \$23,205,000.00 plus net original issue premium of \$4,638,607.85, less underwriters’ discount of \$119,051.64). The Underwriters have agreed, subject to certain conditions set forth in the Bond and Notes Purchase Agreement, to purchase the Notes from the Town at the net aggregate purchase price of \$31,386,045.44, (consisting of the principal amount of \$30,940,000.00 plus net original issue premium of \$522,886.00, less underwriters’ discount of \$76,840.56). The Underwriters will be obligated to purchase all such Bonds and Notes, if any such Bonds and Notes are purchased. The Bonds and the Notes may be offered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the Bonds into investment trusts) at prices lower than the public offering prices stated on the cover page hereof, and such public offering prices may be changed from time to time by the Underwriters.

Piper Sandler & Co. has entered into a distribution agreement (the “CS&Co. Distribution Agreement”) with Charles Schwab & Co., Inc. (“CS&Co.”) for the retail distribution of certain securities offerings including the Bonds and the Notes, at the original issue prices. Pursuant to the CS&Co. Distribution Agreement, CS&Co. will purchase the Bonds and the Notes from Piper Sandler & Co. at the original issue price less a negotiated portion of the selling concession applicable to any Bonds and Notes that CS&Co. sells.

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## II. The Issuer



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

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

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

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

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

## ***Form of Government***

The consolidation of Windham and Willimantic was approved by referendum in December of 1982 with the charter becoming effective July 1, 1983, and later revised on November 5, 1992, November 7, 2007 and November 14, 2014. The Consolidation Charter created one government for the Town and established provision of Windham's fire and police protection through service districts. The section of Windham within the boundaries of the former City of Willimantic is known as the Willimantic Taxing District. The Town and the Willimantic Taxing District are maintained as separate funds but consolidated for financial reporting purposes. The area of Windham outside the former city limits is known as the Windham Taxing District, and funding for police and fire services is appropriated through the Windham First Taxing District, an entity separate from the Town. The Town imposes a separate tax levy for the general government and the Willimantic Taxing District. Individuals residing in the Willimantic Taxing District receive a tax bill based on the total levy for the general government and the Willimantic Taxing District. Individuals residing in the Windham Service District receive a tax bill based on the total levy for the general government and the Windham First Taxing District.

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

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

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

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

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

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

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

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

## ***Principal Municipal Officials***

<b><i>Office</i></b>	<b><i>Name</i></b>	<b><i>Manner of Selection</i></b>	<b><i>Date of Hire / Election / Appointment</i></b>
Town Manager.....	Jim Rivers	Appointed/Indefinite	06/17
Town Council, Mayor.....	Victor Funderburk	Elected/4 years	11/16
Town Clerk/Treasurer.....	Patricia Spruance	Appointed/Indefinite	10/07
Director of Finance.....	Christian Johnson	Appointed/Indefinite	09/13
Town Controller .....	Tra Phan	Appointed/Indefinite	03/16
Acting Collector of Revenue.....	Zane Ring	Appointed/Indefinite	05/20
Town Assessor.....	Chandler Rose	Appointed/Indefinite	07/15
Acting Superintendent of Schools...	Tracy Youngberg	Appointed/Indefinite	11/19

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

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

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

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

**Solid Waste:** The disposal of solid waste is contracted by the Town with a private hauler. The Town of Windham entered into a multi-year agreement expiring June 30, 2025, with an option to renew for an additional 5-year term, with Willimantic Waste Paper Company, Inc. to dispose of solid waste generated in the Town. The flat fee for Fiscal Year 2020-21 is \$30.90 per ton with a market share opportunity should the market improve.

The agreement also covers recyclable materials for \$55,000 per month with adjustments annually of 3.5%.

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

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

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

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

### **Principal Public Facilities**

<b>School</b>	<b>Date of Construction (Latest Additions)</b>	<b>Type of Construction</b>	<b>Planned Major Improvements</b>
Town Hall.....	1900 (1996, 2009)	Elevator/Auditorium	None
Safety Complex.....	1974 (2019)	Block	2019
Dog Pound.....	1978	Block	None
Library.....	1967 (2017)	Brick	None
Public Works Garage.....	1954 (1978, 1985)	Block & Steel	2019
Water Department Facility.....	1930 (1974, 1999)	Brick & Block	2020
Water Pollution Control Facility.....	1958 (1972, 2012)	Brick & Block	None

### **Educational Services**

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

The Town has five elementary schools, one middle school, and one high school. Enrollment in the system as of October 1, 2019 was 3,345 with a rated capacity of 5,600. The school system is planning for a hybrid (in school and remote) enrollment for the school year starting September 2020.

### **School Enrollment**

<b>School Year</b>	<b>Grades Pre-K - 4</b>	<b>Grades 5 - 6</b>	<b>Grades 9 - 12</b>	<b>Non-Graded</b>	<b>Total</b>
<b>Historical</b>					
2010-11	1,568	986	821	N/A	3,375
2011-12	1,521	986	735	N/A	3,242
2012-13	1,553	963	673	N/A	3,189
2013-14	1,642	980	624	N/A	3,246
2014-15	1,678	970	542	-	3,190
2015-16	1,724	999	573	-	3,296
2016-17	1,717	1,015	605	-	3,337
2017-18	1,654	1,105	590	-	3,349
2018-19	1,653	1,122	612	-	3,387
2019-20	1,591	1,117	637	-	3,345
<b>Projected</b>					
2020-21	1,650	1,125	610	-	3,385

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



## School Facilities

<b>School</b>	<b>Grades</b>	<b>Date of Construction (Latest Additions)</b>	<b>Number of Classrooms</b>	<b>Enrollment as of 10/1/2019</b>	<b>Operating Capacity</b>
North Windham Elementary.....	Pre-K-5	1959 (1987)	24	454	450
Windham Center Elementary.....	K-5	1953 (1968)	15	221	500
Sweeney Elementary.....	K-5	1959 (1964)	19	275	600
Natchaug Elementary.....	K-5	1912 (1972)	17	310	550
Barrows STEM Academy.....	Pre-K-8	2012	42	554	600
Windham Middle.....	6-8	1996	89	658	1,100
Windham High.....	9-12	1970	68	637	1,800
Windham High <sup>1</sup> / Middle.....	Pre-K	1970, 1996	18	236	-
<b>Total.....</b>			292	3,345	5,600

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

## Employee Relations and Collective Bargaining

### Municipal Employees

	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>
General Government ....	175	178	182	182	182
Board of Education .....	748	748	712	720	716
<b>Total .....</b>	923	926	894	902	898

### Employee Relations

<b>Employees</b>	<b>Bargaining Unit</b>	<b>Number of Members</b>	<b>Contract Expiration Date</b>
<b><u>General Government</u></b>			
Fire.....	International Association of Firefighters, AFL-CIO, Local 1033	27	6/30/2022
Police.....	United Public Service Employees Union, Cops Unit #340	41	6/30/2021
Public Works.....	Local 493 International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America	22	6/30/2021
Water Department.....	Local 760 C.S.E.A., Service Employees, AFL-CIO	11	6/30/2021
Supervisory & Professional...	Municipal Employees Union Independent, Local 506, SEIU	18	6/30/2021
Municipal Employees.....	American Federation of State, County, Municipal Employees, AFL-CIO, Local 1303-116 of Council #4	43	6/30/2021
	Total Organized .....	162	
	Non-Union .....	13	
	<b>Total.....</b>	175	
<b><u>Board of Education</u></b>			
Administrators.....	Windham Association of Administrators	19	6/30/2021
Teachers.....	Windham Association of Teachers, AFL-CIO, Local 1577	315	8/31/2022
Clerical.....	Windham Association of Educational Secretaries, C.S.E.A. Inc.	43	6/30/2020 <sup>1</sup>
Nurses.....	Windham Association of School Nurses	7	6/30/2021
Custodians.....	General Teamsters, Local 493	37	6/30/2019 <sup>1</sup>
Cafeteria.....	Windham Cafeteria Employees Association, C.S.E.A. Inc.	39	6/30/2023
Educational Personnel.....	CFT/AFL-CIO Educational Personnel	125	6/30/2020 <sup>1</sup>
Maintenance Workers.....	CFT/AFL-CIO Maintenance Workers	5	6/30/2021
Crossing Guards.....	ADSCME	10	6/30/2019 <sup>1</sup>
	Total Organized .....	600	
	Non-Union .....	148	
	<b>Total.....</b>	748	

<sup>1</sup> In negotiations

General Statutes Sections 7-473c, 7-474 and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipal entity may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. Effective October 1, 1997, for binding arbitration of teachers' contracts, in assessing the financial capability of a municipal entity, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In the light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

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

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

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

Other companies that round out the Town's manufacturing/industrial base include: Micro Precision/Nathan Airchime, Prime Materials Recovery, Fluoropolymer Resources, Jakeco, LLC, Motive Engineering and Windham Materials. Microprecision/Nathan Airchime completed an expansion of their South Windham facility from 9,600 sq. ft. to 18,000 sq. ft. in 2019 and has added a second shift to their operations.

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

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

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

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

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

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

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

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

## ***New Investment***

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

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

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

## ***Major Projects***

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

## ***Planned Projects***

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

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

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

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

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

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

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

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

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

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

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

A \$120,000 Brownfields Assessment Grant from the Connecticut Department of Economic and Community Development was provided for a 15-year abandoned gas station in the heart of West Main Street’s retail section. The assessment was completed in June, 2018 which resulted in the awarding of the remediation grant for the gas station from the Connecticut Department of Economic and Community Development.

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## Population and Density

Year	Actual		Density <sup>2</sup>
	Population <sup>1</sup>	% Increase	
2018 <sup>3</sup>	24,688	-2.3%	884.9
2010	25,268	10.5%	905.7
2000	22,857	3.7%	819.2
1990	22,039	4.6%	789.9
1980	21,062	7.3%	754.9
1970	19,626	15.6%	703.4
1960	16,973	--	608.4

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

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

<sup>3</sup> American Community Survey 2014-2018.

## Age Distribution of the Population

Age	Town of Windham		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years .....	1,390	5.6%	184,983	5.2%
5 to 9 years .....	1,762	7.1	201,006	5.6%
10 to 14 years .....	1,053	4.3	224,135	6.3%
15 to 19 years .....	2,886	11.7	247,182	6.9%
20 to 24 years .....	3,576	14.5	245,490	6.9%
25 to 34 years .....	3,504	14.2	439,848	12.3%
35 to 44 years .....	2,730	11.1	427,023	11.9%
45 to 54 years .....	2,298	9.3	522,138	14.6%
55 to 59 years .....	1,116	4.5	266,170	7.4%
60 to 64 years .....	1,322	5.4	235,949	6.6%
65 to 74 years .....	1,832	7.4	327,414	9.1%
75 to 84 years .....	748	3.0	170,979	4.8%
85 years and over .....	471	1.9	89,187	2.5%
<b>Total.....</b>	<b>24,688</b>	<b>100%</b>	<b>3,581,504</b>	<b>100%</b>
Median Age (Years) 2018.....	30.0		40.8	
Median Age (Years) 2010. <sup>1</sup> .....	30.4		40.0	

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

Source: American Community Survey 2014-2018.

## Income Levels

	Town of Windham	State of Connecticut
Per Capita Income, 2018.....	\$ 20,064	\$ 43,056
Median Family Income, 2018.....	\$ 46,205	\$ 97,310
Median Household Income, 2018.....	\$ 44,091	\$ 76,106

Source: American Community Survey 2014-2018.

### Income Distribution

<b>Income</b>	<b>Town of Windham</b>		<b>State of Connecticut</b>	
	<b>Families</b>	<b>Percent</b>	<b>Families</b>	<b>Percent</b>
\$ 0 - \$ 9,999.....	548	10.8%	26,021	2.9%
10,000 - 14,999.....	219	4.3	16,472	1.8%
15,000 - 24,999.....	598	11.8	38,804	4.3%
25,000 - 34,999.....	444	8.7	50,215	5.6%
35,000 - 49,999.....	920	18.1	80,042	9.0%
50,000 - 74,999.....	920	18.1	127,676	14.3%
75,000 - 99,999.....	448	8.8	118,848	13.3%
100,000 - 149,999.....	719	14.1	186,154	20.8%
150,000 - 199,999.....	158	3.1	105,285	11.8%
200,000 and over.....	111	2.2	143,423	16.1%
<b>Total.....</b>	<b>5,085</b>	<b>100.0%</b>	<b>892,940</b>	<b>100.0%</b>

Source: American Community Survey 2014-2018.

### Educational Attainment

	<b>Town of Windham</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than 9th grade.....	1,105	9.0%	101,068	4.1%
9th to 12th grade.....	1,456	10.9	134,758	5.4
High School graduate.....	4,748	36.1	670,519	27.1
Some college, no degree.....	3,024	19.4	416,267	16.8
Associate's degree .....	852	6.1	190,869	7.7
Bachelor's degree.....	1,593	10.1	538,924	21.7
Graduate or professional degree.....	1,243	8.4	426,303	17.2
<b>Total.....</b>	<b>14,021</b>	<b>100.0%</b>	<b>2,478,708</b>	<b>100.0%</b>
Total high school graduate or higher (%).....		81.7%		90.5%
Total bachelor's degree or higher (%).....		20.2%		38.9%

Source: American Community Survey 2014-2018.

### Major Employers As of August 2020

<b>Employer</b>	<b>Type of Business</b>	<b>Approximate Number of Employees</b>
Town of Windham.....	Municipality	910
Windham Community Memorial Hospital.....	Health care	500
Eastern Connecticut State University.....	Education	400
Hampton Products.....	Cargo Stabilizing Devices	250
Salt Overseas Trading.....	Manufacturing distributors	200
United Services.....	Mental Health Services	200
Super Stop & Shop.....	Grocery store	200
Willimantic Waste Paper Co., Inc.....	Recycling collection	150
Wal-Mart Supercenter.....	Department store	150
General Cable Industries.....	Communication cable	125
United Abrasives, Inc.....	Manufacturing	50

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

<b>Sector</b>	<b>Town of Windham</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Agriculture, forestry, fishing and hunting, and mining.....	329	2.9%	7,195	0.4%
Construction.....	403	3.5	107,331	5.9
Manufacturing.....	1,155	10.0	190,995	10.5
Wholesale trade.....	163	1.4	44,714	2.5
Retail trade.....	1,782	15.5	191,939	10.6
Transportation warehousing, and utilities.....	383	3.3	72,806	4.0
Information.....	89	0.8	41,839	2.3
Finance, insurance, real estate, and leasing....	258	2.2	164,607	9.1
Professional, scientific, management, administrative, and waste management.....	672	5.8	207,632	11.5
Education, health and social services.....	3,693	32.1	479,677	26.5
Arts, entertainment, recreation, accommodation and food services.....	1,705	14.8	150,852	8.3
Other services (except public admin.).....	515	4.5	83,686	4.6
Public Administration.....	354	3.1	67,172	3.7
<b>Total Labor Force, Employed.....</b>	<b>11,501</b>	<b>100.0%</b>	<b>1,810,445</b>	<b>100.0%</b>

Source: American Community Survey 2014-2018.

**Percentage Unemployed**

<b>Period</b>	<b>Town of Windham</b>		<b>Percentage Unemployed</b>		
	<b>Employed</b>	<b>Unemployed</b>	<b>Town of Windham</b>	<b>Danielson-Northeast Labor Market</b>	<b>State of Connecticut</b>
July 2020 .....	11,376	1,478	11.5	9.5	10.3
<b>Annual Average</b>					
2019.....	11,889	601	4.8	4.0	3.7
2018.....	11,784	657	5.3	4.4	4.1
2017.....	11,805	721	5.8	4.9	4.7
2016.....	11,652	789	6.3	5.6	5.3
2015.....	11,811	883	7.0	6.1	5.6
2014.....	11,492	1,055	8.4	7.2	6.7
2013.....	11,186	1,235	9.9	8.6	7.9
2012.....	10,628	1,546	12.6	10.4	8.3
2011.....	10,878	1,612	12.9	10.8	8.9
2010.....	11,107	1,516	12.0	10.3	8.7

Source: State of Connecticut, Department of Labor.



### Commute to Work

	Town of Windham		State of Connecticut	
	Number	Percent	Number	Percent
Drove alone .....	7,987	75.4%	1,391,925	78.2%
Car pools .....	1,189	11.2	143,527	8.1
Used public transportation .....	133	1.3	84,347	4.7
Walked .....	863	8.1	49,525	2.8
Used other means .....	137	1.3	20,763	1.2
Worked at home .....	289	2.7	90,566	5.1
<b>Total .....</b>	<b>10,598</b>	<b>100.0%</b>	<b>1,780,653</b>	<b>100.0%</b>
Mean travel to work (minutes)	21.9		26.3	

Source: American Community Survey 2014-2018.

### Housing Inventory

Housing Units	Town of Windham		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached.....	3,903	40.9%	892,608	59.0%
1-unit, attached.....	404	4.2	80,684	5.3
2 units.....	1,401	14.7	123,908	8.2
3 or 4 units.....	1,473	15.4	130,948	8.7
5 to 9 units.....	1,322	13.8	84,021	5.6
10 to 19 units.....	179	1.9	57,153	3.8
20 or more units.....	545	5.7	130,872	8.7
Mobile home.....	327	3.4	11,734	0.8
Boat, RV, van, etc.....	-	-	377	0.0
<b>Total Inventory.....</b>	<b>9,554</b>	<b>100.0%</b>	<b>1,512,305</b>	<b>100.0%</b>

Source: American Community Survey 2014-2018.

### Age Characteristics of Housing

Year Built	Town of Windham		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	3,362	35.2%	337,795	22.3%
1940 to 1969.....	2,965	31.0	533,321	35.3
1970 to 1979.....	1,248	13.1	201,360	13.3
1980 to 1989.....	909	9.5	191,306	12.6
1990 to 1999.....	595	6.2	115,459	7.6
2000 or 2009.....	379	4.0	103,632	6.9
2010 or later.....	96	1.0	29,432	1.9
<b>Total Housing Units .....</b>	<b>9,554</b>	<b>100.0%</b>	<b>1,512,305</b>	<b>100.0%</b>

Source: American Community Survey 2014-2018.

### Value of Owner-Occupied Housing

<b>Specified Owner-Occupied Units</b>	<b>Town of Windham</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than \$50,000.....	168	4.1%	21,254	2.3%
\$50,000 to \$99,000.....	424	10.5	29,211	3.2
\$100,000 to \$149,999.....	1,265	31.2	81,446	9.0
\$150,000 to \$199,000.....	1,225	30.2	139,715	15.4
\$200,000 to \$299,999.....	827	20.4	245,801	27.1
\$300,000 to \$499,999.....	137	3.4	240,706	26.5
\$500,000 to \$999,999.....	11	0.3	106,993	11.8
\$1,000,000 or more.....	-	-	42,008	4.6
<b>Total.....</b>	<b>4,057</b>	<b>100.0%</b>	<b>907,134</b>	<b>100.0%</b>
<b>Median Value.....</b>	<b>\$155,900</b>		<b>\$272,700</b>	

Source: American Community Survey 2014-2018.

### Building Permits Last Ten Years

<b>Ending 6/30</b>	<b>Residential</b>		<b>Commercial / Industrial</b>		<b>All Categories</b>	
	<b>No.</b>	<b>Value</b>	<b>No.</b>	<b>Value</b>	<b>No.</b>	<b>Value</b>
2020	592	\$ 7,896	9	\$ 116	601	\$ 8,012
2019	704	6,479	193	10,515	897	16,994
2018	651	10,140	912	23,084	1,563	33,224
2017	657	5,658	936	12,186	1,593	17,844
2016	897	5,757	1,100	13,565	1,997	19,322
2015	849	6,061	190	5,606	1,039	11,667
2014	881	5,419	212	11,927	1,093	17,346
2013	928	5,314	272	5,826	1,200	11,140
2012	994	4,983	287	35,776	1,281	40,759
2011	839	8,736	211	10,661	1,050	19,397

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## **IV. Tax Base Data**

### **Property Tax**

#### **Assessments**

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

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

Any taxpayer who is unsatisfied with any new assessment may file a written appeal of such assessment with the Town's Board of Assessment Appeals and may receive, subject to the discretion of the Board of Assessment Appeals, an appeal hearing and final determination of any increase or decrease from the property's original assessment. Each year the Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted.

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

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

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

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

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle tax rate at 39.00 mills for the assessment year commencing October 1, 2016 and at 45.00 mills for the assessment year commencing October 1, 2017 and each assessment year thereafter. Section 4-66l of the General Statutes, as amended ("Section 4-66l"), diverts a portion of state collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The Town's motor vehicle tax rate for the current 2019 assessment year (the fiscal year ending June 30, 2021) is 45.00 for the Willimantic Taxing District and 38.90 for the Windhams District.

## Levy

Property taxes are levied on all taxable assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Real property taxes are payable in two equal installments on July 1 and January 1 following the levy date and personal property and motor vehicle taxes are payable in one installment on July 1 following the levy date, although a 30-day grace period is provided. Motor vehicle supplemental bills are payable on January 1. A modest estimate for outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Payments not received within one month after the due date become delinquent, with interest charged at the rate of one and one-half percent per month from the due date on the tax. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills.

Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense 15 years after the due date in accordance with state statutes.

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

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

In compliance with Governor Lamont's Executive Order No. 7S, which was issued in response to the COVID-19 outbreak, the Town adopted the "Deferment Program" which defers the interest on tax payments for three (3) months. [See "COVID-19 Outbreak – Municipal Tax Relief Programs"]

### Comparative Assessed Valuations (in thousands)

Grand List of 10/1	Commercial			Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List	Less Exemption	Net Taxable Grand List	Percent Change
	Residential Real Property (%)	& Industrial Real Property (%)	Other Real Property (%)						
2019	49.4	26.6	1.7	11.3	11.0	\$ 1,012,588	\$ 51,271	\$ 961,317	1.15%
2018 <sup>1</sup>	49.4	26.6	1.7	11.5	10.9	1,002,046	51,614	950,432	6.41%
2017	48.4	23.9	3.6	12.8	11.3	943,009	49,800	893,209	0.60%
2016	48.4	23.9	3.6	12.8	11.4	939,779	51,874	887,905	0.70%
2015	48.6	24.9	3.1	12.6	10.9	933,234	51,534	881,700	0.43%
2014	48.7	21.2	8.0	12.4	10.7	1,527,074	649,156	877,918	1.94%
2013 <sup>1</sup>	49.8	25.7	3.0	11.0	10.5	1,487,230	626,001	861,229	-10.51%
2012	55.3	17.4	8.7	9.2	9.4	1,006,844	44,444	962,400	1.58%
2011	56.0	16.9	8.8	8.5	9.8	985,952	38,517	947,435	1.31%
2010	56.7	16.8	8.8	8.2	9.5	970,120	34,958	935,162	1.01%

<sup>1</sup> Revaluation.

### Ten Largest Taxpayers

<b>Name</b>	<b>Nature of Business</b>	<b>Taxable Valuation</b>	<b>Percent of Net Taxable Grand List <sup>1</sup></b>
Connecticut Light & Power.....	Utility	\$ 27,369,440	2.85%
United Abrasives Inc.....	Manufacturing	22,171,920	2.31%
Vesta Windham LLC.....	Apartments	19,175,580	1.99%
General Cable Industries Inc.....	Manufacturing	15,295,140	1.59%
Yankee Gas.....	Utility	11,238,810	1.17%
MHC Stonegate Manor LLC.....	Real Estate	9,452,140	0.98%
Colonial BT LLC.....	Apartments	9,160,390	0.95%
Willimantic Station LLC.....	Real Estate	8,380,650	0.87%
Walmart Real Estate Business Trust.....	Commercial	7,942,370	0.83%
Caleb Village Heights.....	Apartments	6,661,780	0.69%
<b>Total.....</b>		<b>\$ 136,848,220</b>	<b>14.24%</b>

<sup>1</sup> Based on October 1, 2019 Net Taxable Grand List of \$961,317,000.

Source: Tax Assessor, Town of Windham

### Property Tax Levies and Collections

<b>Fiscal Year Ending 6/30</b>	<b>Grand List of 10/1</b>	<b>Net Taxable Grand List (000s)</b>	<b>Mill Rate</b>	<b>WSD Mill Rate</b>	<b>Adjusted Annual Levy (000s)</b>	<b>Percent of Annual Levy Collected at End of Fiscal Year</b>	<b>Percent of Annual Levy Uncollected at End of Fiscal Year</b>	<b>Percent of Annual Levy Uncollected as of 6/30/2019</b>
2020 <sup>1</sup>	2018 <sup>2</sup>	\$ 950,432	36.44	49.17	\$ 41,629	99.0%	1.0%	1.00%
2019	2017	893,209	37.50	49.60	40,152	98.3%	1.7%	0.35%
2018	2016	887,905	36.67	47.63	38,469	98.6%	1.4%	0.06%
2017	2015	881,700	35.00	46.00	35,991	97.7%	2.3%	0.02%
2016	2014	877,918	34.35	44.00	35,574	98.8%	1.2%	0.00%
2015	2013 <sup>2</sup>	861,229	32.41	43.00	33,259	97.7%	2.3%	0.00%
2014	2012	962,400	29.06	39.29	33,441	98.0%	2.0%	0.00%
2013	2011	947,435	28.63	38.67	32,412	97.7%	2.3%	0.00%
2012	2010	935,162	28.15	36.68	31,309	97.7%	2.3%	0.00%
2011	2009	925,815	26.87	36.68	29,775	97.9%	2.1%	0.00%

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

<sup>2</sup> Revaluation.

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

### Property Tax Receivables

<b>Fiscal Year Ending 6/30</b>	<b>Town of Windham</b>		<b>Town of Windham and Willimantic Service District</b>	
	<b>Current Year</b>	<b>Total</b>	<b>Current Year</b>	<b>Total</b>
2020 <sup>1</sup>	\$ 367,771	\$ 427,572	\$ 882,400	\$ 1,393,584
2019	141,500	174,514	208,056	646,420
2018	228,936	320,207	425,218	980,415
2017	360,557	408,182	486,018	973,835
2016	139,384	190,031	424,352	658,137
2015	256,570	368,944	752,343	1,108,999
2014	219,401	297,413	664,496	930,289
2013	226,880	274,025	720,685	925,600
2012	226,031	352,468	708,922	1,256,652
2011	159,375	275,760	316,060	1,112,621

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

## V. Debt Summary

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

#### Long-Term Debt As of October 1, 2020

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

<i>Dated</i>	<i>Purpose</i>	<i>Rate %</i>	<i>Amount of Original Issue</i>	<i>Outstanding After This Issue</i>	<i>Final Maturity</i>
11/08/06	Qualified Zone Academy Bonds.....	-	\$ 500,000	\$ 93,750	2022
10/21/10	School, Series B.....	2.00-4.00	5,260,000	655,000	2022
04/01/14	General Purpose.....	2.00-4.00	6,160,900	3,761,400	2033
04/01/14	School.....	2.00-4.00	1,660,000	1,085,000	2033
04/01/14	Water.....	2.00-4.00	684,100	298,600	2033
06/09/15	General Purpose (Energy).....	1.80	1,422,500	262,500	2022
06/09/15	School (Energy).....	1.80	1,422,500	262,500	2022
10/29/19	General Purpose, Series A.....	3.00-4.00	12,592,300	10,943,800	2046
10/29/19	School, Series A.....	3.00-4.00	3,702,700	5,166,200	2046
10/29/19	General Purpose, Series B.....	3.37-4.00	137,000	137,000	2040
10/29/19	School, Series B.....	3.37-4.00	2,138,000	1,988,000	2040
10/29/19	Water, Series B.....	3.37-4.00	2,138,000	150,000	2040
<b>Total Outstanding.....</b>			<b>\$ 37,818,000</b>	<b>\$ 24,803,750</b>	
<b>This Issue</b>					
10/01/20	General Purpose.....	4.00-5.00	\$ 9,240,000	\$ 9,240,000	2046
10/01/20	Sewer.....	4.00-5.00	11,370,000	11,370,000	2046
10/01/20	Water.....	4.00-5.00	2,595,000	2,595,000	2046
<b>Sub-Total This Issue.....</b>			<b>23,205,000</b>	<b>23,205,000</b>	
<b>Total.....</b>			<b>\$ 61,023,000</b>	<b>\$ 48,008,750</b>	

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

#### Short-Term Debt As of October 1, 2020 (Pro-Forma)

<i>Project</i>	<i>Aggregate Amount Authorized</i>	<i>This Issue: Notes Due: 9/30/21</i>
Parking Garage.....	\$ 12,800,000	\$ 6,800,000
Senior/Community Center.....	15,595,000	6,595,000
Windham High School Renovation.....	112,332,777	14,000,000
Road & Sidewalks Phase IV.....	2,400,000	900,000
2020 BOE Capital Projects.....	4,554,500	2,000,000
2020 Town Capital Projects.....	668,300	645,000
<b>Total .....</b>	<b>\$ 148,350,577</b>	<b>\$ 30,940,000</b>

**Annual Bonded Debt Maturity Schedule <sup>1</sup>**  
**As of October 1, 2020**  
**(Pro Forma)**

<b>Fiscal Year Ended 6/30</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Payments</b>	<b>This Issue: The Bonds</b>	<b>Total Principal</b>	<b>Cumulative Principal Retired %</b>
2021 <sup>1</sup>	\$ 361,250	\$ 460,874	\$ 822,124	\$ -	\$ 361,250	0.75%
2022	1,831,250	871,089	2,702,339	-	1,831,250	4.57%
2023	1,586,250	812,063	2,398,313	-	1,586,250	7.87%
2024	1,565,000	755,213	2,320,213	755,000	2,320,000	12.70%
2025	1,570,000	698,013	2,268,013	770,000	2,340,000	17.58%
2026	1,490,000	641,838	2,131,838	795,000	2,285,000	22.34%
2027	1,075,000	592,838	1,667,838	810,000	1,885,000	26.26%
2028	1,075,000	549,838	1,624,838	825,000	1,900,000	30.22%
2029	1,075,000	506,838	1,581,838	850,000	1,925,000	34.23%
2030	1,100,000	463,338	1,563,338	865,000	1,965,000	38.32%
2031	1,100,000	419,716	1,519,716	885,000	1,985,000	42.46%
2032	1,030,000	377,872	1,407,872	920,000	1,950,000	46.52%
2033	1,025,000	337,528	1,362,528	945,000	1,970,000	50.62%
2034	1,025,000	297,284	1,322,284	965,000	1,990,000	54.77%
2035	720,000	263,140	983,140	995,000	1,715,000	58.34%
2036	720,000	234,928	954,928	1,025,000	1,745,000	61.98%
2037	720,000	206,548	926,548	1,055,000	1,775,000	65.67%
2038	720,000	178,168	898,168	1,080,000	1,800,000	69.42%
2039	720,000	149,788	869,788	1,105,000	1,825,000	73.22%
2040	715,000	121,499	836,499	1,130,000	1,845,000	77.07%
2041	600,000	98,400	698,400	1,155,000	1,755,000	80.72%
2042	600,000	80,400	680,400	1,190,000	1,790,000	84.45%
2043	595,000	62,475	657,475	1,225,000	1,820,000	88.24%
2044	595,000	44,625	639,625	1,255,000	1,850,000	92.10%
2045	595,000	26,775	621,775	1,285,000	1,880,000	96.01%
2046	595,000	8,925	603,925	1,320,000	1,915,000	100.00%
<b>Total.....</b>	<b>\$ 24,803,750</b>	<b>\$9,260,004</b>	<b>\$ 34,063,754</b>	<b>\$ 23,205,000</b>	<b>\$ 48,008,750</b>	

<sup>1</sup> Excludes principal payments of \$1,275,000 and interest payments of \$458,124 made between July 1, 2020 and October 1, 2020.

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

The Town of Windham has neither overlapping nor underlying debt.

## ***Temporary Financing***

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

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

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

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

The Town is a participant in the State of Connecticut's Clean Water Fund Program (General Statutes Sections 22-475 et seq., as amended) for its \$19,788,728 Phase I wastewater treatment facility upgrade. The Bonds will refund all or a portion of the outstanding amount and will be paid off at settlement. See "Plan of Refunding" herein. Debt service for the project is paid from user fees. The program provides financial assistance through a combination of grants and loans bearing interest at 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs.

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

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



**Debt Statement<sup>1</sup>**  
**As of October 1, 2020**  
**(Pro Forma)**

**Long-Term Debt Outstanding:**

General Purpose (Includes this Issue).....	\$	24,344,700
Schools .....		9,250,450
Sewer (Includes this Issue).....		11,370,000
Water (Includes this Issue).....		3,043,600
<b>Total Long-Term Debt</b> .....		<b>48,008,750</b>
<b>Short-Term Debt</b> (Includes this Issue Due: 9/30/2021) .....		<b>30,940,000</b>
<b>Total Direct Debt</b> .....		<b>78,948,750</b>
Less: School Construction Grants Receivable (As of June 30, 2020) <sup>1</sup> .....		-
<b>Total Direct Net Debt</b> .....		<b>78,948,750</b>
<b>Overlapping/Underlying Debt</b> .....		-
<b>Total Overall Net Debt</b> .....	\$	<b>78,948,750</b>

<sup>1</sup> The State of Connecticut will reimburse the Town for eligible principal and interest costs over the life of bonds issued for projects authorized by the General Assembly prior to July 1, 1996. School construction grants receivable stated above are for principal reimbursement only.

**Current Debt Ratios**  
**As of October 1, 2020**  
**(Pro Forma)**

Population <sup>1</sup> .....	24,688
Net Taxable Grand List at 70% of Full Value (10/1/19) .....	\$ 961,317,000
Estimated Full Value .....	\$ 1,373,310,000
Equalized Net Taxable Grand List (10/1/18) <sup>2</sup> .....	\$ 1,358,375,666
Money Income per Capita (2018) <sup>1</sup> .....	\$ 20,064

	<b>Total Direct Debt: \$78,948,750</b>	<b>Total Overall Net Debt: \$78,948,750</b>
Debt per Capita.....	\$3,197.86	\$3,197.86
Ratio to Net Taxable Grand List.....	8.21%	8.21%
Ratio to Estimated Full Value.....	5.75%	5.75%
Ratio to Equalized Grand List.....	5.81%	5.81%
Debt per Capita to Money Income per Capita.....	15.94%	15.94%

<sup>1</sup> American Community Survey 2014-2018

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

**Statement Of Statutory Debt Limitation**  
**As of October 1, 2020**  
**(Pro Forma)**

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

For the year ended June 30, 2020 <sup>1</sup> ..... \$ 40,954,894

**Reimbursement For Revenue Loss:**

Tax relief for elderly..... 108,372

**Base for Debt Limitation Computation**..... \$ 41,063,266

	<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Unfunded Pension</b>
<b>Debt Limitation:</b>					
2 1/4 times base.....	\$ 92,392,349	-	-	-	-
4 1/2 times base.....	-	\$ 184,784,697	-	-	-
3 3/4 times base.....	-	-	\$ 153,987,248	-	-
3 1/4 times base.....	-	-	-	\$ 133,455,615	-
3 times base.....	-	-	-	-	\$ 123,189,798
<b>Total Debt Limitation</b> .....	\$ 92,392,349	\$ 184,784,697	\$ 153,987,248	\$ 133,455,615	\$ 123,189,798

**Indebtedness:** <sup>2</sup>

Bonds Outstanding.....	15,104,700	9,250,450	448,600	-	-
Bonds (This Issue) .....	9,240,000	-	11,370,000	-	-
Notes (This Issue) .....	14,940,000	16,000,000	-	-	-
Debt Authorized But Unissued .....	7,406,500	107,935,319	-	-	-
<b>Total Indebtedness</b> .....	46,691,200	133,185,769	11,818,600	-	-
Less:					
State School Grants Receivable <sup>3</sup> .....	-	-	-	-	-
<b>Total Net Indebtedness</b> .....	46,691,200	133,185,769	11,818,600	-	-

**DEBT LIMITATION IN EXCESS**

**OF OUTSTANDING INDEBTEDNESS**..... \$ 45,701,149 \$ 51,598,928 \$ 142,168,648 \$ 133,455,615 \$ 123,189,798

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

<sup>2</sup> Excludes \$448,600 of outstanding water bonds, \$2,595,000 of Water Bonds from this issue from this issue as allowed under the Connecticut General Statutes.

<sup>3</sup> The State of Connecticut will reimburse the Town for eligible principal and interest costs over the life of bonds issued for projects authorized by the General Assembly prior to July 1, 1996. School construction grants receivable stated above are for principal reimbursement only.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$287,442,862.

**Authorized But Unissued Debt**  
**As of October 1, 2020**  
**(Pro Forma)**

Project	Aggregate Amount Authorized	Bonds Previously Issued	Maturing Notes Due: 10/1/20	New Money (Paydowns)	Premium Applied	This Issue:		Authorized but Unissued
						The Bonds	Notes Due: 9/30/21	
Refunding Bonds.....	\$ 10,000,000	\$ -	\$ -	\$ -	\$ -	\$ 6,620,000	\$ -	\$ -
Wastewater Treatment Facility Upgrade.....	5,500,000	-	-	5,500,000	750,000	4,750,000	-	-
Various Windham Water Works Capital Improvements.....	3,001,000	-	-	3,000,000	405,000	2,595,000	-	1,000
Intermodal Transportation Center / Parking Garage.....	12,800,000	-	-	6,800,000	-	-	6,800,000	6,000,000
Magnet School.....	4,000,000	3,752,500	-	-	-	-	-	247,500
Roads Phase II.....	3,900,000	3,871,800	-	-	-	-	-	28,200
Natchaug School Roof.....	1,568,242	516,231	-	-	-	-	-	1,052,011
High School Roof.....	4,000,000	1,528,564	-	-	-	-	-	2,471,436
Library.....	1,000,000	500,000	-	-	-	-	-	500,000
Microgrid/Middle School Roof.....	4,964,000	1,686,905	-	-	-	-	-	3,277,095
Roads Phase III.....	4,000,000	3,915,000	-	-	-	-	-	85,000
Senior/Community Center.....	15,595,000	-	9,000,000	6,595,000	1,300,000	7,700,000	6,595,000	-
Safety Complex Jail Cells.....	1,250,000	1,250,000	-	-	-	-	-	-
Replace 1986 Fire Engine.....	600,000	600,000	-	-	-	-	-	-
Jillson Park.....	1,100,000	450,000	-	-	-	-	-	650,000
IT Equipment - 2018.....	145,000	145,000	-	-	-	-	-	-
Public Works Equipment - 2018.....	930,000	930,000	-	-	-	-	-	-
Kramer Move.....	1,144,000	1,144,000	-	-	-	-	-	-
Windham High School Renovation.....	112,332,777	-	3,000,000	11,000,000	-	-	14,000,000	98,332,777
Road & Sidewalks Phase IV.....	2,400,000	-	1,500,000	90,000	200,000	1,300,000	900,000	-
DPW Improvements.....	400,000	-	-	280,000	40,000	240,000	-	120,000
Public Safety Complex Roof.....	390,000	390,000	-	-	-	-	-	-
NWS Well System.....	125,000	70,000	-	-	-	-	-	55,000
WCS Well System.....	125,000	80,000	-	-	-	-	-	45,000
2017 BOE Capital Projects.....	275,000	275,000	-	-	-	-	-	-
2018 BOE Capital Projects.....	770,000	770,000	-	-	-	-	-	-
2019 BOE Capital Projects.....	943,000	943,000	-	-	-	-	-	-
2019 Town IT.....	137,000	137,000	-	-	-	-	-	-
2020 BOE Capital Projects.....	4,554,500	-	-	2,000,000	-	-	2,000,000	2,554,500
2020 Town Capital Projects.....	668,300	-	-	645,000	-	-	645,000	23,300
<b>Total .....</b>	<b>\$ 198,617,819</b>	<b>\$ 22,955,000</b>	<b>\$ 13,500,000</b>	<b>\$ 35,910,000</b>	<b>\$ 2,695,000</b>	<b>\$ 23,205,000</b>	<b>\$ 30,940,000</b>	<b>\$ 115,442,819</b>

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

<b>Fiscal Year Ended 6/30</b>	<b>Net Assessed Value (000s)</b>	<b>Estimated Full Value <sup>1</sup> (000s)</b>	<b>Net Long-Term Debt <sup>2</sup> (000s)</b>	<b>Ratio of Net Long-Term Debt to Assessed Value (%)</b>	<b>Ratio of Net Long-Term Debt to Estimated Full Value (%)</b>	<b>Population <sup>3</sup></b>	<b>Net Long-Term Debt per Capita</b>	<b>Ratio of Net Long-Term Debt per Capita to Per Capita Income <sup>4</sup> (%)</b>
2020 <sup>5</sup>	\$ 950,432	\$ 1,357,760	\$ 25,029	2.63%	1.84%	25,271	\$ 990.41	4.94%
2019	893,209	1,276,013	11,198	1.25%	0.88%	25,271	443.12	2.21%
2018	887,905	1,268,436	12,911	1.45%	1.02%	25,271	510.90	2.55%
2017	881,700	1,259,571	15,097	1.71%	1.20%	25,271	597.40	2.98%
2016	877,918	1,254,169	16,737	1.91%	1.33%	25,271	662.28	3.30%
2015	861,229	1,230,327	19,233	2.23%	1.56%	25,271	761.07	3.79%

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

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

<sup>3</sup> American Community Survey, Bureau of Census, ACS 2014-2018.

<sup>4</sup> Money Income per Capita: American Community Survey, Bureau of Census 2014-2018 data: \$20,064 used for all calculations.

<sup>5</sup> Subject to audit.

**Ratio of Annual General Fund Long-Term Debt Service Expenditures  
to Total General Fund Expenditures  
Last Ten Fiscal Years**

<b>Fiscal Year Ended 6/30</b>	<b>Total Debt Service</b>	<b>Total General Fund Expenditures <sup>1</sup></b>	<b>Ratio of General Fund Debt Service To Total General Fund Expenditures</b>
2020 <sup>2</sup>	\$ 2,238,638	\$ 73,765,055	3.03%
2019	2,098,191	77,249,583	2.72%
2018	2,628,933	83,932,732	3.13%
2017	2,175,072	80,660,168	2.70%
2016	3,514,380	78,457,373	4.48%
2015	3,295,662	72,795,149	4.53%
2014	3,304,050	73,014,071	4.53%
2013	3,578,800	71,290,641	5.02%
2012	2,808,518	68,361,154	4.11%
2011	2,896,146	61,669,841	4.70%

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

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

Source: Annual Audited Financial Statements.

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

### ***Fiscal Year***

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

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

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

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

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

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

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

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

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

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

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

## ***Fiscal Year 2020-21 Budget***

On March 15, 2020 and March 21, 2020, Governor Lamont issued emergency Executive Orders No. 7C and 7I, which permitted adjustments of the budget adoption process in response to COVID-19 public health concerns. Pursuant to those Executive Orders, on May 5, 2020 the Town Council authorized the Town's Board of Finance to promptly and timely adopt the Annual Budget (Town General Government and Board of Education budgets) for the fiscal year beginning July 1, 2020 (the "Annual Budget"), without the Annual Budget meeting and referendum otherwise required by Town Charter Article X-7, and rather in accordance with said paragraph 13 of Executive Order 7I. The Town's Board of Finance approved the Town's Annual Budget on May 27, 2020. The Town's combined mill rate was 36.80, an increase of 0.36 mills versus the previous fiscal year. The Willimantic Taxing District ("WTD") budget was adopted on May 12, 2020 by the Board of the WTD per the Governor's Executive Orders with a mill rate of 13.18, an increase of 0.45 mill versus the previous fiscal year.

In doing so, the Town was required by the above-referenced Executive Orders to comply with certain public meeting requirements set forth in the Governor Lamont's Executive Order No. 7B and to take all reasonable steps to publicize the draft Annual Budget and receive public comment thereon, including but not limited to, publishing draft Annual Budgets on the Town website and providing an email address or other means for the public to submit timely comments on the proposed Annual Budget. As such, the Town held public hearings related to the Annual Budget on May 6, 2020 and May 13, 2020 via google meetings. An email address was also provided to the public inviting comments.

## ***Audit***

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

## ***Liability Insurance***

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

## ***Capital Improvement Plan***

<b><i>Funding</i></b>	<b><i>Fiscal 2020-21</i></b>	<b><i>Fiscal 2021-22</i></b>	<b><i>Fiscal 2022-23</i></b>	<b><i>Fiscal 2023-24</i></b>	<b><i>Fiscal 2024-25</i></b>	<b><i>Total</i></b>
Capital Budget.....	\$ 21,000	\$ -	\$ -	\$ -	\$ -	\$ 21,000
Grants.....	6,290,000	2,550,000	-	-	-	8,840,000
Bonds / Notes.....	7,214,000	2,898,284	300,000	265,000	1,205,550	11,882,834
Enterprise Self-Funding.....	8,500,000	-	-	-	-	8,500,000
<b><i>Total .....</i></b>	<b><i>\$ 22,025,000</i></b>	<b><i>\$ 5,448,284</i></b>	<b><i>\$ 300,000</i></b>	<b><i>\$ 265,000</i></b>	<b><i>\$ 1,205,550</i></b>	<b><i>\$ 29,243,834</i></b>

<b><i>Purpose</i></b>	<b><i>Fiscal 2020-21</i></b>	<b><i>Fiscal 2021-22</i></b>	<b><i>Fiscal 2022-23</i></b>	<b><i>Fiscal 2023-24</i></b>	<b><i>Fiscal 2024-25</i></b>	<b><i>Total</i></b>
Infrastructure.....	\$ 21,440,000	\$ -	\$ -	\$ -	\$ -	\$ 21,440,000
Public Works.....	450,000	375,000	300,000	265,000	325,000	1,715,000
Fire.....	21,000	1,500,000	-	-	-	1,521,000
Police.....	114,000	116,000	-	-	-	230,000
Historic Downtown.....	-	500,000	-	-	-	500,000
Culture and Recreation.....	-	2,000,000	-	-	-	2,000,000
Schools.....	-	957,284	-	-	880,550	1,837,834
<b><i>Total Funding Sources....</i></b>	<b><i>\$ 22,025,000</i></b>	<b><i>\$ 5,448,284</i></b>	<b><i>\$ 300,000</i></b>	<b><i>\$ 265,000</i></b>	<b><i>\$ 1,205,550</i></b>	<b><i>\$ 29,243,834</i></b>

## **Pensions**

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

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

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

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

### ***Net Pension Liability***

	<b><i>Municipal Employees</i></b>	<b><i>Board of Education</i></b>	<b><i>Police</i></b>	<b><i>Firefighters</i></b>
Total Pension Liability .....	\$ 21,770,121	\$ 11,119,663	\$ 24,959,273	\$ 15,100,922
Plan Fiduciary Net Position .....	18,379,911	10,026,231	22,889,724	13,347,641
Net Pension Liability .....	\$ 3,390,210	\$ 1,093,432	\$ 2,069,549	\$ 1,753,281
Covered Payroll .....	\$ 6,028,323	\$ 4,204,969	\$ 2,891,105	\$ 1,954,987
Plan Fiduciary Net Position as a % of the Total Pension Liability .....	84.43%	90.17%	91.71%	88.39%
Net Pension Liability as a % of Covered Payroll .....	56.24%	26.00%	71.58%	89.68%

*(The remainder of this page intentionally left blank.)*

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

		<b>Current</b>	
	<b>1%</b>	<b>Discount</b>	<b>1%</b>
<b>Net Pension Liability (Asset)</b>	<b>Decrease</b>	<b>Rate</b>	<b>Increase</b>
Police.....	\$ 5,364,602	\$ 2,069,549	\$ (645,492)
Fire.....	3,587,974	1,753,281	215,545
Municipal .....	6,312,695	3,390,210	938,210
BOE.....	2,409,994	1,093,432	22,709

### **Schedule of Employer Contributions**

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
<b>Fire PERS</b>					
2020 <sup>1</sup>	\$ 683,071	\$ 683,071	\$ -	\$1,900,000	35.95%
2019	653,656	653,656	-	1,954,987	33.44%
2018	708,361	708,361	-	1,870,801	37.86%
2017	677,857	677,857	-	2,009,650	33.73%
2016	714,062	-	714,062	1,923,110	0.00%
<b>Police PERS</b>					
2020 <sup>1</sup>	\$ 1,128,597	\$ 1,128,597	\$ -	\$2,900,000	38.92%
2019	1,079,997	1,079,997	-	2,891,105	37.36%
2018	1,055,252	1,055,252	-	2,766,608	38.14%
2017	1,009,811	1,009,811	-	2,952,695	34.20%
2016	790,769	790,769	-	2,825,545	27.99%
<b>Municipal PERS</b>					
2020 <sup>1</sup>	\$ 717,402	\$ 717,402	\$ -	\$5,900,000	12.16%
2019	869,065	869,065	-	6,028,323	14.42%
2018	710,445	829,133	(118,688)	6,039,928	13.73%
2017	660,879	560,000	100,879	5,926,104	9.45%
2016	516,719	516,719	-	5,753,499	8.98%
<b>Board of Education PERS</b>					
2020 <sup>1</sup>	\$ 480,450	\$ 480,450	\$ -	\$4,100,000	11.72%
2019	306,355	306,355	-	4,204,969	7.29%
2018	485,352	485,352	-	4,453,739	10.90%
2017	465,555	465,555	-	4,119,506	11.30%
2016	411,800	411,800	-	3,797,635	10.84%

<sup>1</sup> Subject to Audit



## Other Post-Employment Benefits

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

The Town’s total OPEB liability of \$10,908,086 was measured as of June 30, 2019, as determined by an actuarial valuation as of July 1, 2018. The total OPEB liability for Fiscal Year 2020 is expected to be \$12,028,297. The Town has not accumulated any assets in a fiduciary trust for payment of benefits. Below is the change in total OPEB liability in detail.

<b><i>Changes in Total OPEB Liability</i></b>	<b><i>2019</i></b>
Total OPEB Liability:	
Service Cost.....	\$ 838,221
Interest on Total OPEB Liability.....	679,574
Changes in Benefit Terms.....	55,555
Differences Between Expected and Actual Experience....	(8,072,968)
Changes of Assumptions.....	776,870
Benefits Payments.....	(180,266)
<b><i>Net Change in Total OPEB Liability.....</i></b>	<b><i>(5,903,014)</i></b>
Total OPEB Liability, Beginning.....	16,811,100
<b><i>Total OPEB Liability, Ending.....</i></b>	<b><i>\$ 10,908,086</i></b>
Covered Payroll.....	\$ 31,503,279
Total OPEB Liability as a % of Covered Payroll.....	34.6%

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

## Schedule of Contributions

<b><i>Fiscal Year Ending</i></b>	<b><i>Annual OPEB Cost</i></b>	<b><i>Percentage of Annual OPEB Cost Contributed</i></b>	<b><i>Net OPEB Obligation</i></b>
6/30/2020 <sup>1</sup>	\$ 1,120,211	3.20%	\$ 12,028,297
6/30/2019	1,573,350	3.00%	10,908,086
6/30/2018	1,363,972	3.00%	16,811,100
6/30/2017	1,090,918	3.00%	13,278,841
6/30/2016	1,084,955	3.00%	11,889,489
6/30/2015	1,371,630	4.00%	10,836,936
6/30/2014	1,365,044	3.30%	9,417,104
6/30/2013	1,612,869	2.10%	8,097,133
6/30/2012	1,600,973	42.40%	6,449,928

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

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates:*

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower or 1% point higher than the current healthcare cost trend rates:

	<b>Healthcare Cost</b>		
	<b>1% Decrease</b>	<b>Trend Rates</b>	<b>1% Increase</b>
	<b>6.0% Decreasing</b>	<b>7.0% Decreasing</b>	<b>8.0% Decreasing</b>
	<b>to 3.5%</b>	<b>to 4.5%</b>	<b>to 5.5%</b>
Total OPEB Liability.....	\$ 9,473,688	\$ 10,908,086	\$ 12,641,542

*Sensitivity of Estimates Using in Calculating the Total OPEB Liability:*

The following presents the total OPEB liability, calculated using the current discount rate of 3.51% as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current discount rate utilized:

	<b>Current</b>		
	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>(2.51%)</b>	<b>(3.51%)</b>	<b>(4.51%)</b>
Total OPEB Liability.....	\$ 12,232,505	\$ 10,908,086	\$ 9,770,816

## ***Investment Policy***

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

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

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

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

## ***Risk Management***

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

Based on the Town's 2018-2019 "Schedule of Insurance," coverage and limits were as follows: General Liability was written on an occurrence basis with \$1 million occurrence, \$3 million aggregate and no deductible. Public Officials Employment Practice, School Board Employment Practices, Public Officials Liability and School Board Legal Liability were written on claims made basis with limits of \$8 million each wrongful act and \$6 million aggregate. Law Enforcement was written on an occurrence basis with \$8 million occurrence and \$6 million aggregate. These policies all had a \$10,000 deductible. Finally, the Town's Property Insurance had a \$249.4 million blanket limit, \$10 million for flood, \$5 million for earthquake, and \$100 million for boiler & machinery. The deductibles for the property blanket and boiler & machinery are \$5,000 and for Flood and Earthquake insurance \$50,000.

There are two layers of excess liability, the first layer a \$5 million Occurrence, \$5 million Aggregate with a \$10,000 deductible. The second layer is \$5 million excess of the \$5 million, totaling \$10 million each occurrence and \$10 million aggregate.

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

	<b>Adopted Budget 6/30/2021<sup>1,2</sup></b>	<b>Estimated Actual 6/30/2020<sup>2</sup></b>	<b>Actual 6/30/2019</b>	<b>Actual 6/30/2018</b>	<b>Actual 6/30/2017</b>	<b>Actual 6/30/2016</b>
<b>Revenues:</b>						
Property Taxes.....	\$ 41,629,385	\$ 40,941,510	\$ 39,823,919	\$ 38,071,658	\$ 36,376,109	\$ 35,834,457
Licenses & Permits.....	610,038	351,109	392,963	330,220	302,462	295,814
Fines & Penalties.....	113,750	71,094	175,340	171,190	152,414	260,726
Charges for Services.....	1,828,200	1,937,971	1,974,669	1,998,963	2,035,658	2,144,000
Intergovernmental.....	30,318,552	30,425,682	34,365,571	40,637,599	40,539,900	36,765,536
Investment Income.....	35,000	61,337	72,521	30,362	9,080	24,855
Other Revenue.....	191,500	143,772	413,645	108,787	152,783	315,937
<b>Total.....</b>	<b>74,726,425</b>	<b>73,932,475</b>	<b>77,218,628</b>	<b>81,348,779</b>	<b>79,568,406</b>	<b>75,641,325</b>
<b>Expenditures:</b>						
General Government .....	\$ 2,666,289	\$ 2,759,775	\$ 2,825,279	\$ 2,329,545	\$ 2,455,663	\$ 2,694,157
Public Safety .....	1,559,167	1,565,689	1,670,395	1,661,221	1,610,262	1,628,545
Public Works .....	3,762,420	3,261,063	3,823,771	3,813,407	3,778,357	3,753,668
Human Services.....	1,011,582	979,498	495,339	697,652	686,654	724,446
Civic and Cultrual .....	962,183	913,461	1,047,915	999,852	963,321	939,756
Education .....	47,976,055	47,976,055	413,302	57,224,238	54,887,548	50,733,767
Planning & Development.....	437,749	443,864	51,586,668	376,550	367,314	376,352
Other .....	3,150,621	2,918,128	2,764,972	2,897,092	3,393,385	2,411,252
Police.....	7,056,511	6,825,751	6,624,961	6,778,706	6,636,841	6,247,001
Fire.....	3,638,085	3,593,433	3,578,304	3,597,589	3,564,651	3,327,549
Miscellaneous .....	-	-	1,600	2,000	2,100	1,500
Capital Expenditures.....	-	-	-	-	-	-
Debt Service .....	2,602,063	2,238,638	2,098,191	2,628,933	2,175,072	3,514,380
<b>Total.....</b>	<b>74,822,725</b>	<b>73,475,355</b>	<b>76,930,697</b>	<b>83,006,785</b>	<b>80,521,168</b>	<b>76,352,373</b>
<b>Excess (Deficiency) of Revenues</b>						
<b>Over Expenditures.....</b>	<b>(96,300)</b>	<b>457,120</b>	<b>287,931</b>	<b>(1,658,006)</b>	<b>(952,762)</b>	<b>(711,048)</b>
<b>Other financing sources (uses):</b>						
Proceeds from Capital Leases.....	-	-	-	-	-	-
Proceeds from Refunding Bonds.....	-	-	-	-	-	-
Payment to Escrow Agent.....	-	-	-	-	-	-
Transfers In.....	386,000	393,148	322,713	200,000	236,425	250,887
Transfers Out.....	(289,700)	(289,700)	(318,886)	(925,947)	(139,000)	(2,105,000)
<b>Total Other financing sources (uses).....</b>	<b>96,300</b>	<b>103,448</b>	<b>3,827</b>	<b>(725,947)</b>	<b>97,425</b>	<b>(1,854,113)</b>
<b>Excess (Deficiency) of Revenues and</b>						
<b>Other Financing Sources (Uses) over</b>						
<b>(Under) Expenditures and Other</b>						
<b>Financing Uses .....</b>	<b>-</b>	<b>560,568</b>	<b>291,758</b>	<b>(2,383,953)</b>	<b>(855,337)</b>	<b>(2,565,161)</b>
<b>Fund Balance, as originally reported.....</b>						
<b>Adjustment.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,481,027</b>	<b>12,901,525</b>	<b>12,901,525</b>
<b>Fund Balance, Beginning of Year.....</b>	<b>7,949,400</b>	<b>7,388,832</b>	<b>7,097,074</b>	<b>9,481,027</b>	<b>10,336,364</b>	<b>12,901,525</b>
<b>Fund Balance, End of Year.....</b>	<b>\$ 7,949,400</b>	<b>\$ 7,949,400</b>	<b>\$ 7,388,832</b>	<b>\$ 7,097,074</b>	<b>\$ 9,481,027</b>	<b>\$ 10,336,364</b>

<sup>1</sup> Budgetary Basis of accounting. Subject to audit. No assurances can be given that subsequent projections and the final result of operations will not change.

<sup>2</sup> Subject to Audit

## Comparative Balance Sheet

	<i>Estimated Actual 6/30/2020</i>	<i>Actual 6/30/2019</i>	<i>Actual 6/30/2018</i>	<i>Actual 6/30/2017</i>	<i>Actual 6/30/2016</i>
<b>Assets</b>					
Cash and cash equivalents.....	\$ 7,142,659	\$ 2,195,922	\$ 2,195,922	\$ 1,329,941	\$ 6,942,486
Receivables:					
Property taxes .....	1,145,084	1,018,379	1,018,379	1,122,852	727,347
Intergovernmental .....	-	-	-	-	832,976
Other .....	-	2,755,808	2,755,808	719,572	572,113
Due from other funds .....	1,061,491	5,057,730	5,057,730	7,574,063	2,394,522
Restricted Investments.....	350,000	348,561	348,561	792,170	722,080
Inventories.....	125,772	125,772	125,772	144,801	118,964
<b>Total assets .....</b>	<b>9,825,006</b>	<b>11,502,172</b>	<b>11,502,172</b>	<b>11,683,399</b>	<b>12,310,488</b>
<b>Liabilities and Fund Balances</b>					
Accounts payable .....	730,522	3,490,995	3,490,995	899,070	1,246,730
Deferred revenue .....	1,145,084	-	-	-	-
Due to other funds.....	-	-	-	221,627	-
<b>Total liabilities .....</b>	<b>1,875,606</b>	<b>3,490,995</b>	<b>3,490,995</b>	<b>1,120,697</b>	<b>1,246,730</b>
<b>Deferred Inflows of Resources</b>					
Unavailable Resources .....	-	914,103	914,103	1,081,675	727,394
<b>Total Deferred Resources .....</b>	<b>-</b>	<b>914,103</b>	<b>914,103</b>	<b>1,081,675</b>	<b>727,394</b>
<b>Fund Balances</b>					
Nonspendable.....	125,772	125,772	125,772	144,801	118,964
Restricted.....	350,000	638,763	638,763	792,170	722,080
Committed.....	-	-	-	-	-
Assigned.....	-	-	-	-	-
Unassigned.....	7,473,628	6,332,539	6,332,539	8,544,056	9,495,320
<b>Total fund balance .....</b>	<b>7,949,400</b>	<b>7,097,074</b>	<b>7,097,074</b>	<b>9,481,027</b>	<b>10,336,364</b>
<b>Total liabilities and fund balance .....</b>	<b>9,825,006</b>	<b>11,502,172</b>	<b>11,502,172</b>	<b>11,683,399</b>	<b>12,310,488</b>
<b>Analysis of General Fund Balance</b>					
Operating revenues .....	\$ 73,932,475	\$ 77,218,628	\$ 81,348,779	\$ 79,568,406	\$ 75,641,325
Fund balance as a percent of					
operating revenues .....	10.75%	9.19%	8.72%	11.92%	13.66%
Unassigned fund balance as					
a percent of operating revenues .....	10.11%	8.20%	7.78%	10.74%	12.55%

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

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

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

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

On August 12, 2019, Forensic Accounting Services, LLC ("FAS"), issued a forensic accounting report completed at the request of the Town of Windham Board of Education ("BOE") concerning a dedicated self-insurance reserve fund for Town and BOE employees that reviewed the causes of the fund decline over a 4 year period to a deficit of \$946,784 at the end of fiscal year 2018. The Report included several recommendations for the adoption and implementation of certain additional policies, procedures and reporting requirements regarding the fund, which the Town implemented in fiscal year 2020 as follows: the establishment of a tri-board to administer the activities of the fund, separate accounting for BOE and Town contributions and expenses, and the determination of annual required contributions by March 15th. As a result of these changes and claims expenditures that were \$612,000 below the previous year in fiscal year 2020, the fund has now been replenished and has a fund balance of \$1 million (unaudited) at June 30, 2020.

### ***Legal Matters***

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

### ***Litigation***

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

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

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

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 or the Notes or the levy or collection of taxes to pay them.
2. Receipts for the purchase price of the Bonds and the Notes.
3. The approving opinions of Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut, in substantially the forms attached hereto as Appendices B-1 and B-2.
4. Executed Continuing Disclosure Agreements for the Bonds and Notes in substantially the forms attached hereto as Appendices C-1 and C-2 to this Official Statement.
5. Certificates on behalf of the Town, signed by the Town Manager and Director of Finance, which will be dated the date of delivery, and which will certify, to the best of said officials' knowledge and belief, that as of the date of the execution of the Bond and Note Purchase Agreement and as of the closing date, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
6. Such other documents as required by the Bond and Note Purchase Agreement.

The Town of Windham has prepared an Official Statement dated September 22, 2020. The Town deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(1), but it is subject to revision or amendment. A record of the proceedings taken by the Town in authorizing the Bonds and the Notes will be kept on file at the principal office of the Paying Agent, U.S. Bank National Association, Corporate Trust Department, 225 Asylum Street, Hartford, Connecticut 06103 and may be examined upon reasonable request.

## ***Concluding Statement***

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

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

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

### ***TOWN OF WINDHAM, CONNECTICUT***

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

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

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

September 22, 2020

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***Appendix A***

***The Town's Comprehensive Annual Financial Report  
For Fiscal Year Ending June 30, 2019***

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## Independent Auditor's Report

To the Board of Finance  
Town of Windham, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Town of Windham, Connecticut (the Town) as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Windham, Connecticut as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

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

### **Supplementary Information**

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2020 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*RSM US LLP*

New Haven, Connecticut  
July 27, 2020

**Town of Windham, Connecticut  
Management's Discussion and Analysis (Unaudited)  
June 30, 2019**

The management of the Town of Windham, Connecticut (the Town), offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2019.

**Financial Highlights**

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$76,737,238 (net position). Of this amount, \$(14,771,667) is an unrestricted net position (deficit) of which \$10,897,080 represents unrestricted net position attributed to the operations of the Town's water and sewer systems (business-type activities). The net unrestricted deficit of the Town's governmental activities was \$(25,668,747).
- The Town's changes in net position for the year ended June 30, 2019, amounted to \$(2,436,278) which consisted of a decrease of \$(2,038,469) relating to the Town's governmental activities combined with a decrease of \$(397,809) relating to the Town's business-type activities.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances (deficits) of \$(12,577,552) a decrease of \$(3,212,580) in comparison with the prior year. Of this amount \$ (16,001,732) of governmental ending fund balances (deficits) was unassigned fund deficit. At the end of the close of the current fiscal year, unassigned fund balance for the General Fund was \$6,867,330 or 9.0% of total General Fund expenditures and operating transfers out.
- The Town's total long-term debt, consisting of bonds payable and notes payable decreased by \$2.6 million.

**Overview of the Financial Statements**

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

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad over view of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains a number of individual governmental funds for reporting purposes. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Educational Grants Fund and the Capital Improvement Fund, which are considered to be major funds. Data from the other remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 13-14 of this report.

**Proprietary funds:** The Town maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its sewer and water operations. The second type is an Internal Service Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its risk management activities.

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

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

**Fiduciary funds:** Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

## Notes to the Financial Statements

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

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

### Government-Wide Financial Analysis

#### Net Position

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

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

	June 30, 2019			June 30, 2018		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities*	Business-type Activities	Total
Current and other assets	\$ 16,843,195	\$ 11,341,663	\$ 28,184,858	\$ 20,090,145	\$ 11,223,163	\$ 31,313,308
Capital assets	94,832,806	32,701,569	127,534,375	93,186,537	34,154,431	127,340,968
<b>Total assets</b>	<b>111,676,001</b>	<b>44,043,232</b>	<b>155,719,233</b>	<b>113,276,682</b>	<b>45,377,594</b>	<b>158,654,276</b>
<b>Deferred outflows</b>	<b>3,640,753</b>	<b>-</b>	<b>3,640,753</b>	<b>5,116,162</b>	<b>-</b>	<b>5,116,162</b>
Long-term liabilities	36,922,670	10,682,338	47,605,008	46,348,176	11,636,637	57,984,813
Other liabilities	24,911,907	240,933	25,152,840	23,889,763	223,187	24,112,950
<b>Total liabilities</b>	<b>61,834,577</b>	<b>10,923,271</b>	<b>72,757,848</b>	<b>70,237,939</b>	<b>11,859,824</b>	<b>82,097,763</b>
<b>Deferred inflows</b>	<b>9,864,900</b>	<b>-</b>	<b>9,864,900</b>	<b>2,499,159</b>	<b>-</b>	<b>2,499,159</b>
Net Investment in capital assets	66,160,740	22,222,281	88,383,021	61,092,643	22,802,699	83,895,342
Restricted	3,125,284	-	3,125,284	2,451,888	-	2,451,888
Unrestricted	(25,668,747)	10,897,680	(14,771,067)	(17,888,785)	10,715,071	(7,173,714)
<b>Total Net Position</b>	<b>\$ 43,617,277</b>	<b>\$ 33,119,961</b>	<b>\$ 76,737,238</b>	<b>\$ 45,655,746</b>	<b>\$ 33,517,770</b>	<b>\$ 79,173,516</b>

The Town's government-wide net position of \$76.7 million represents a decrease of \$2.4 million over last year's net position of \$79.2 million. The Town had an overall decrease from operations in the Town's governmental activities. Unrestricted net position (deficit), the part of net position that can be used to finance day-to-day operations without restraints established by debt covenants, enabling legislation or other legal requirements, is \$(14.8) million at the end of this year compared with (\$7.2) million at the end of last year. Government activities unrestricted net position (deficit) increased \$7.8 million. Unrestricted net position of the Town's business-type activities increased \$182,000 in 2019.

Town of Windham, Connecticut  
Summary of Change in Net Position

	Year Ended June 30, 2019			Year Ended June 30, 2018		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Revenues:</b>						
Program revenues:						
Charge for services	\$ 4,314,001	\$ 5,569,280	\$ 9,883,281	\$ 3,539,219	\$ 5,239,370	\$ 8,778,589
Operating grants and contributions	46,982,950	-	46,982,950	52,974,080	-	52,974,080
Capital grants and contributions	3,193,709	-	3,193,709	703,829	-	703,829
General revenues:						
Property taxes	40,376,023	-	40,376,023	37,904,086	-	37,904,086
Grants, contributions not restricted	5,768,345	97,301	5,865,646	5,996,643	-	5,996,643
Unrestricted investment earnings	170,994	762,476	933,470	96,375	98,138	194,513
<b>Total revenues</b>	<b>100,806,022</b>	<b>6,429,057</b>	<b>107,235,079</b>	<b>101,214,232</b>	<b>5,337,508</b>	<b>106,551,740</b>
<b>Expenses:</b>						
Program activities						
Primary government:						
General government	4,195,049	-	4,195,049	3,540,155	-	3,540,155
Public safety	13,540,915	-	13,540,915	14,691,248	-	14,691,248
Public works	7,082,697	-	7,082,697	5,687,301	-	5,687,301
Human services	723,756	-	723,756	888,950	-	888,950
Civic and cultural	2,021,503	-	2,021,503	1,820,032	-	1,820,032
Education	73,817,726	-	73,817,726	79,985,681	-	79,985,681
Planning and development	807,206	-	807,206	647,647	-	647,647
Interest on long-term debt	855,639	-	855,639	483,938	-	483,938
Business-type activities:						
Water	-	2,917,768	2,917,768	-	2,404,579	2,404,579
Sewer	-	3,709,098	3,709,098	-	3,593,260	3,593,260
<b>Total expenses</b>	<b>103,044,491</b>	<b>6,626,866</b>	<b>109,671,357</b>	<b>107,744,952</b>	<b>5,997,839</b>	<b>113,742,791</b>
<b>Increase (decrease) in net position before transfers</b>	<b>(2,238,469)</b>	<b>(197,809)</b>	<b>(2,436,278)</b>	<b>(6,530,720)</b>	<b>(660,331)</b>	<b>(7,191,051)</b>
<b>Transfers</b>	<b>200,000</b>	<b>(200,000)</b>	<b>-</b>	<b>200,000</b>	<b>(200,000)</b>	<b>-</b>
<b>Change in net position</b>	<b>(2,038,469)</b>	<b>(397,809)</b>	<b>(2,436,278)</b>	<b>(6,330,720)</b>	<b>(860,331)</b>	<b>(7,191,051)</b>
<b>Net Position - Beginning</b>	<b>45,655,746</b>	<b>33,517,770</b>	<b>79,173,516</b>	<b>51,986,466</b>	<b>34,378,101</b>	<b>86,364,567</b>
<b>Net Position - Ending</b>	<b>\$ 43,617,277</b>	<b>\$ 33,119,961</b>	<b>\$ 76,737,238</b>	<b>\$ 45,655,746</b>	<b>\$ 33,517,770</b>	<b>\$ 79,173,516</b>

The Town's governmental activities and business-type activities total revenue in 2019 of \$107.2 million represents an increase of \$.7 million over last year. Capital grants and contributions increased by \$2.5 million. Operating grants and contributions decreased by \$6.0 million due to less grants for various purposes.

The Town's total program expenses of \$109.7 million represents a decrease of \$4.1 million over last year. The decreased is related to a decrease in OPEB expense.

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



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

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

### **Enterprise Funds**

The Water Fund had a decrease in net position of \$242,819, mainly due to increased operating costs.

The Sewer Fund had a decrease in net position of \$154,990, versus a deficit of \$936,703 in the prior year.

### **Governmental Funds**

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

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances (deficits) of \$(12,577,552) a decrease of \$3,212,580 in comparison with the prior year. Of this amount \$(16,001,732) of governmental ending fund balances are unassigned fund balances (deficits). The remainder of fund balance is assigned, committed, restricted or nonspendable, to indicate that it is not available for new spending because it has already been committed for specific purposes.

### **General Fund**

The General Fund is the chief operating fund of the Town and is accounted for separately for the Town and Willimantic Taxing District. The Town of Windham, Connecticut and City of Willimantic, Connecticut were consolidated by ordinance adopted December 15, 1982 under the name "Town of Windham, Connecticut" and came into political existence on July 1, 1983. The former City of Willimantic is now known as the Willimantic Taxing District (the WTD). At the end of the current fiscal year, unassigned fund balance of the Town General Fund was \$5,003,672 while the unassigned fund balance of the WTD General Fund was \$1,863,658.

The fund balance of the combined General Fund increased by \$291,758 during the current fiscal year, mainly due to greater intergovernmental revenue than budgeted.

### **Educational Grants Fund**

Total revenue and expenditures for the year were \$13.7 million as compared to \$13.5 million in the prior year.

### **Capital Improvement Fund**

The Capital Improvement Fund has expenditures of \$4,973,566 in the current year as compared to \$6,315,242 in the prior year.

### **General Fund Budgetary Highlights**

During the year, revenues were less than budget and expenses were less than planned budgetary expenses for a total Town positive variance of \$119,341 surplus.

## Capital Asset and Debt Administration

**Capital Assets.** The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totaled \$127,534,375 (net of accumulated depreciation). This investment in capital assets includes land and improvements, construction in progress, buildings and improvements, machinery and equipment, and infrastructure. The net increase in the Town's investment in capital assets for the current fiscal year was \$193,405 increase. The majority of the increase relates to capital costs incurred in connection with the improvements to the middle school roof replacement, the micro-grid and street and sidewalk improvements.

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

Town of Windham, Connecticut  
Capital Assets, Net of Depreciation  
June 30, 2019 and 2018

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land and Improvements	\$ 5,471,725	\$ 5,471,725	\$ 99,330	\$ 99,330	\$ 5,571,055	\$ 5,571,055
Construction in Progress	5,735,039	7,625,673	-	-	5,735,039	7,625,673
Buildings and Improvements	63,704,784	64,006,071	14,805,332	15,058,735	78,510,116	79,064,806
Machinery and Equipment	6,295,378	5,362,200	7,840,918	8,854,259	14,136,296	14,216,459
Infrastructure	13,625,880	10,720,868	9,955,989	10,142,109	23,581,869	20,862,977
<b>Total</b>	<b>\$ 94,832,806</b>	<b>\$ 93,186,537</b>	<b>\$ 32,701,569</b>	<b>\$ 34,154,433</b>	<b>\$ 127,534,375</b>	<b>\$ 127,340,970</b>

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

**Long-Term Debt.** At the end of the current fiscal year, the Town Governmental Activities had total long-term bonded debt outstanding of \$11,198,800. This entire amount is comprised of debt backed by the full faith and credit of the Town.

The Town's total governmental activities long-term obligations decreased by \$1,712,300 during the current fiscal year. The Enterprise Fund's long-term obligations decreased by \$872,676 for debt amortization.

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

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Bonds Payable	\$ 11,198,800	\$ 12,911,100	\$ 431,800	\$ 498,900	\$ 11,630,600	\$ 13,410,000
Notes Payable	-	-	9,983,326	10,788,670	9,983,326	10,788,670
	<b>\$ 11,198,800</b>	<b>\$ 12,911,100</b>	<b>\$ 10,415,126</b>	<b>\$ 11,287,570</b>	<b>\$ 21,613,926</b>	<b>\$ 24,198,670</b>

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

**Due to/Due from.** At the end of the current fiscal year, the General Fund was owed \$6,805,372. Issuance of bonds and the associated premiums in October 2019 repaid the money owed by the Capital Improvement Fund and Debt Service Fund. The Enterprise Funds repaid the General Fund in the first half of 2019.

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

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

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

All of these factors were considered in preparing the Town's budget for fiscal year 2020.

## **REQUESTS FOR INFORMATION**

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

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## **Basic Financial Statements**

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**Town of Windham, Connecticut**

**Statement of Net Position**

**June 30, 2019**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 4,870,331	\$ 1,194,415	\$ 6,064,746
Investments	816,768	9,909,995	10,726,763
Receivables, net of allowances for collection losses:			
Property taxes	623,810	-	623,810
Grants and contracts	7,226,505	-	7,226,505
Accounts receivable	1,621,303	1,061,250	2,682,553
Notes receivable	814	-	814
Internal balances	1,143,392	(1,143,392)	-
Inventories	152,711	319,395	472,106
Restricted cash	387,561	-	387,561
Capital assets:			
Non-depreciable	11,206,764	99,330	11,306,094
Depreciable, net	83,626,042	32,602,239	116,228,281
<b>Total assets</b>	<b>111,676,001</b>	<b>44,043,232</b>	<b>155,719,233</b>
Deferred outflows of resources:			
Deferred charge on refunding	83,697	-	83,697
Deferred OPEB items	716,648	-	716,648
Deferred pension items	2,840,408	-	2,840,408
<b>Total deferred outflows of resources</b>	<b>3,640,753</b>	<b>-</b>	<b>3,640,753</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	7,322,934	240,933	7,563,867
Bond anticipation notes payable	17,000,000	-	17,000,000
Unearned revenues	588,973	-	588,973
Noncurrent liabilities:			
Due within one year	3,769,500	942,712	4,712,212
Due in more than one year	33,153,170	9,739,626	42,892,796
<b>Total liabilities</b>	<b>61,834,577</b>	<b>10,923,271</b>	<b>72,757,848</b>
Deferred inflows of resources:			
Deferred pension items	1,913,583	-	1,913,583
Deferred OPEB items	7,951,317	-	7,951,317
<b>Total deferred inflows of resources</b>	<b>9,864,900</b>	<b>-</b>	<b>9,864,900</b>
Net position:			
Net investment in capital assets	66,160,740	22,222,281	88,383,021
Restricted for:			
Grant program purposes	2,585,012	-	2,585,012
Debt repayment	387,561	-	387,561
Other purposes	152,711	-	152,711
Unrestricted (deficit)	(25,668,747)	10,897,680	(14,771,067)
<b>Total net position</b>	<b>\$ 43,617,277</b>	<b>\$ 33,119,961</b>	<b>\$ 76,737,238</b>

See notes to financial statements.

Town of Windham, Connecticut

Statement of Activities  
For the Year Ended June 30, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ (4,195,049)	\$ 1,302,617	\$ 6,500	\$ -	\$ (2,885,932)	\$ -	\$ (2,885,932)
Public safety	(13,540,915)	1,424,599	180,530	-	(11,935,786)	-	(11,935,786)
Public works	(7,082,697)	423,655	282,880	1,097,414	(5,278,748)	-	(5,278,748)
Human services	(723,756)	-	94,621	-	(629,135)	-	(629,135)
Civic and cultural	(2,021,503)	208,324	1,318	-	(1,811,861)	-	(1,811,861)
Planning and development	(807,206)	3,698	-	-	(803,508)	-	(803,508)
Education	(73,817,726)	951,108	46,417,101	2,096,295	(24,353,222)	-	(24,353,222)
Interest and other charges	(855,639)	-	-	-	(855,639)	-	(855,639)
Total governmental activities	(103,044,491)	4,314,001	46,982,950	3,193,709	(48,553,831)	-	(48,553,831)
Business-type activities:							
Water	(2,917,768)	2,611,520	-	-	-	(306,248)	(306,248)
Sewer	(3,709,098)	2,957,760	-	-	-	(751,338)	(751,338)
Total business-type activities	(6,626,866)	5,569,280	-	-	-	(1,057,586)	(1,057,586)
Total primary government	\$ (109,671,357)	\$ 9,883,281	\$ 46,982,950	\$ 3,193,709	(48,553,831)	(1,057,586)	(49,611,417)
General revenues:							
Property taxes, levied for general purposes					40,376,023	-	40,376,023
Grants and contributions not restricted to specific programs					5,768,345	97,301	5,865,646
Unrestricted investment income					170,994	762,476	933,470
Transfers					200,000	(200,000)	-
Total general revenues and transfers					46,515,362	659,777	47,175,139
Change in net position					(2,038,469)	(397,809)	(2,436,278)
Net position - beginning of year					45,655,746	33,517,770	79,173,516
Net position - end of year					\$ 43,617,277	\$ 33,119,961	\$ 76,737,238

See notes to financial statements.



# Town of Windham, Connecticut

## Balance Sheet - Governmental Funds June 30, 2019

	Major Funds			Other	Total
	General	Educational	Capital	Non-Major	Governmental
	Fund	Grants	Improvement	Governmental	Funds
	Fund	Fund	Fund	Funds	Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 1,830,665	\$ 324,087	\$ -	\$ 2,180,008	\$ 4,334,760
Investments	-	-	-	816,768	816,768
Receivables, net of allowance for collection losses:					
Property taxes	623,810	-	-	-	623,810
Grants and contracts	-	589,861	6,323,000	313,644	7,226,505
Accounts receivable	1,474,539	-	-	146,764	1,621,303
Notes receivable	-	-	-	814	814
Due from other funds	6,805,372	-	-	66	6,805,438
Restricted cash	387,561	-	-	-	387,561
Inventories	133,941	-	-	18,770	152,711
<b>Total assets</b>	<b>\$ 11,255,888</b>	<b>\$ 913,948</b>	<b>\$ 6,323,000</b>	<b>\$ 3,476,834</b>	<b>\$ 21,969,670</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 3,505,057	\$ 739,609	\$ 755,003	\$ 117,945	\$ 5,117,614
Bond anticipation note payable	-	-	17,000,000	-	17,000,000
Due to other funds	-	-	4,150,728	1,125,078	5,275,806
Unearned revenue	-	176,238	-	412,735	588,973
<b>Total liabilities</b>	<b>3,505,057</b>	<b>915,847</b>	<b>21,905,731</b>	<b>1,655,758</b>	<b>27,982,393</b>
Deferred inflows of resources:					
Unavailable resources	361,999	-	6,169,969	32,861	6,564,829
<b>Total deferred inflows of resources</b>	<b>361,999</b>	<b>-</b>	<b>6,169,969</b>	<b>32,861</b>	<b>6,564,829</b>
Fund balances (deficits):					
Nonspendable	133,941	-	-	317,666	451,607
Restricted	387,561	-	-	2,585,012	2,972,573
Unassigned (deficit)	6,867,330	(1,899)	(21,752,700)	(1,114,463)	(16,001,732)
<b>Total fund balances (deficit)</b>	<b>7,388,832</b>	<b>(1,899)</b>	<b>(21,752,700)</b>	<b>1,788,215</b>	<b>(12,577,552)</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 11,255,888</b>	<b>\$ 913,948</b>	<b>\$ 6,323,000</b>	<b>\$ 3,476,834</b>	

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

Capital assets purchased by governmental funds are reported as expenditures, however, the statement of net position includes those capital assets among the assets of the Town as a whole.	94,832,806
Unavailable revenues are not available to pay for current-period expenditures and therefore are not recognized as revenues in the funds.	6,564,829
Deferred charge on refunding - not reported under modified accrual and therefore not reported in the funds	83,697
Deferred pension/OPEB expense - not reported under modified accrual and therefore not reported in the funds	3,557,056
Internal service funds are used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net positions.	(1,875,988)
Deferred pension/OPEB items - not reported under modified accrual and therefore not reported in the funds	(9,864,900)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(36,922,670)
Accrued interest payable	(180,001)
<b>Net position of governmental activities</b>	<b>\$ 43,617,277</b>

See notes to financial statements.

**Town of Windham, Connecticut**

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

**Governmental Funds**

**For the Year Ended June 30, 2019**

	Major Funds			Other	Total
	General	Educational	Capital	Non-Major	Governmental
	Fund	Grants	Improvement	Governmental	Funds
	Fund	Fund	Fund	Funds	Funds
Revenues:					
Property taxes	\$ 39,823,919	\$ -	\$ -	\$ -	\$ 39,823,919
Intergovernmental	34,365,571	13,701,276	2,096,295	5,634,739	55,797,881
Charges for services	1,974,669	-	-	300,177	2,274,846
Licenses and permits	392,963	-	-	-	392,963
Fines, forfeitures, and penalties	175,340	-	-	-	175,340
Investment income	72,521	-	-	98,473	170,994
Miscellaneous	413,645	-	10,000	443,808	867,453
Donations and contributions	-	-	-	597,010	597,010
<b>Total revenues</b>	<b>77,218,628</b>	<b>13,701,276</b>	<b>2,106,295</b>	<b>7,074,207</b>	<b>100,100,406</b>
Expenditures:					
Current:					
General government	2,825,279	-	-	104,690	2,929,969
Public safety	1,670,395	-	-	141,388	1,811,783
Public works	3,823,771	-	-	320,259	4,144,030
Human services	495,339	-	-	-	495,339
Civic and cultural	1,047,915	-	-	213,931	1,261,846
Planning and development	413,302	-	-	-	413,302
Education	51,586,668	13,703,175	-	5,389,946	70,679,789
Debt issuance costs	-	-	-	58,006	58,006
Other	2,764,972	-	-	-	2,764,972
Police	6,624,961	-	-	-	6,624,961
Fire	3,578,304	-	-	-	3,578,304
Miscellaneous	1,600	-	-	-	1,600
Debt service:					
Principal retirements	1,692,784	-	-	-	1,692,784
Interest and other charges	405,407	-	-	363,381	768,788
Capital outlay	-	-	4,973,566	1,313,947	6,287,513
<b>Total expenditures</b>	<b>76,930,697</b>	<b>13,703,175</b>	<b>4,973,566</b>	<b>7,905,548</b>	<b>103,512,986</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>287,931</b>	<b>(1,899)</b>	<b>(2,867,271)</b>	<b>(831,341)</b>	<b>(3,412,580)</b>
Other financing sources (uses):					
Transfers in	322,713	-	85,849	110,324	518,886
Transfers out	(318,886)	-	-	-	(318,886)
<b>Total other financing sources (uses)</b>	<b>3,827</b>	<b>-</b>	<b>85,849</b>	<b>110,324</b>	<b>200,000</b>
<b>Net change in fund balances (deficits)</b>	<b>291,758</b>	<b>(1,899)</b>	<b>(2,781,422)</b>	<b>(721,017)</b>	<b>(3,212,580)</b>
Fund balances (deficits), beginning	7,097,074	-	(18,971,278)	2,509,232	(9,364,972)
Fund balances (deficits), ending	<b>\$ 7,388,832</b>	<b>\$ (1,899)</b>	<b>\$ (21,752,700)</b>	<b>\$ 1,788,215</b>	<b>\$ (12,577,552)</b>

See notes to financial statements.

## Town of Windham, Connecticut

### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2019

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

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

Net change in fund balances (deficits) – total governmental funds	\$ (3,212,580)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 6,569,393	
Depreciation expense	<u>(4,923,124)</u>	
		1,646,269

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

Property taxes and interest collected after 60 days	(552,104)	
Loans receivable	(58,558)	
Other receivables	(78,365)	
Intergovernmental revenue on magnet school construction	<u>(38,645)</u>	
		(727,672)

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

Principal payments on bonds	1,712,300	
Amortization of bond premium	18,854	
Amortization of deferred charges	(11,956)	
		1,719,198

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

(273,584)

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

Accrued interest	(55,258)	
Change in landfill closure liability	7,000	
Change in long-term compensated absences	27,166	
Change in net pension liability	1,757,172	
Change in deferred outflows -pension and OPEB items	(1,463,453)	
Change in deferred inflows - pension and OPEB items	(7,365,741)	
Change in total OPEB liability	<u>5,903,014</u>	
		(1,190,100)

**Change in net position of governmental activities**

**\$ (2,038,469)**

See notes to financial statements.

Town of Windham, Connecticut

Statement of Net Position - Proprietary Funds  
June 30, 2019

	Business-Type Activities - Enterprise Funds			Governmental
	Water Fund	Sewer Fund	Total	Internal Service Funds
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 28,867	\$ 1,165,548	\$ 1,194,415	\$ 535,571
Accounts receivable, net	601,867	459,383	1,061,250	-
Inventories	319,395	-	319,395	-
<b>Total current assets</b>	<b>950,129</b>	<b>1,624,931</b>	<b>2,575,060</b>	<b>535,571</b>
Noncurrent assets:				
Investments	3,072,203	6,837,792	9,909,995	-
Capital assets:				
Non-depreciable	69,850	29,480	99,330	-
Depreciable, net	10,917,501	21,684,738	32,602,239	-
<b>Total noncurrent assets</b>	<b>14,059,554</b>	<b>28,552,010</b>	<b>42,611,564</b>	<b>-</b>
<b>Total assets</b>	<b>15,009,683</b>	<b>30,176,941</b>	<b>45,186,624</b>	<b>535,571</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	27,002	148,143	175,145	165,659
Claims payable	-	-	-	1,859,660
Accrued liabilities:				
Accrued interest	5,640	18,088	23,728	-
Other	20,060	22,000	42,060	-
Due to other funds	446,213	697,179	1,143,392	386,240
Bonds and notes payable - current	66,300	805,344	871,644	-
Compensated absences - current	36,708	34,360	71,068	-
<b>Total current liabilities</b>	<b>601,923</b>	<b>1,725,114</b>	<b>2,327,037</b>	<b>2,411,559</b>
Noncurrent liabilities:				
Bonds and notes payable	365,500	9,242,144	9,607,644	-
Compensated absences	68,171	63,811	131,982	-
<b>Total noncurrent liabilities</b>	<b>433,671</b>	<b>9,305,955</b>	<b>9,739,626</b>	<b>-</b>
<b>Total liabilities</b>	<b>1,035,594</b>	<b>11,031,069</b>	<b>12,066,663</b>	<b>2,411,559</b>
Net position (deficit):				
Net investment in capital assets	10,555,551	11,666,730	22,222,281	-
Unrestricted (deficit)	3,418,538	7,479,142	10,897,680	(1,875,988)
<b>Total net position (deficit)</b>	<b>\$ 13,974,089</b>	<b>\$ 19,145,872</b>	<b>\$ 33,119,961</b>	<b>\$ (1,875,988)</b>

See notes to financial statements.

**Town of Windham, Connecticut**

**Statement of Revenues, Expenses and Changes in Fund Net Position (Deficit) - Proprietary Funds  
For the Year Ended June 30, 2019**

	Business-Type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Total	Internal Service Funds
Operating revenues:				
Charges for services and premiums	\$ 2,611,520	\$ 2,957,760	\$ 5,569,280	\$ 11,481,236
Other	97,301	-	97,301	-
<b>Total operating revenues</b>	<b>2,708,821</b>	<b>2,957,760</b>	<b>5,666,581</b>	<b>11,481,236</b>
Operating expenses:				
Personnel services	1,453,881	1,218,219	2,672,100	-
Outside services	58,286	574,838	633,124	-
Depreciation	451,964	1,196,458	1,648,422	-
Fuel and utilities	221,442	209,104	430,546	-
Administration	95,507	76,905	172,412	864,437
Repairs, maintenance and supplies	479,092	224,567	703,659	-
Other	144,646	616	145,262	-
Claims incurred	-	-	-	10,890,383
<b>Total operating expenses</b>	<b>2,904,818</b>	<b>3,500,707</b>	<b>6,405,525</b>	<b>11,754,820</b>
<b>Operating loss</b>	<b>(195,997)</b>	<b>(542,947)</b>	<b>(738,944)</b>	<b>(273,584)</b>
Nonoperating revenues (expenses):				
Interest income (loss)	66,128	696,348	762,476	-
Interest expense	(12,950)	(208,391)	(221,341)	-
<b>Total non-operating revenues (expenses)</b>	<b>53,178</b>	<b>487,957</b>	<b>541,135</b>	<b>-</b>
<b>Net loss before transfers</b>	<b>(142,819)</b>	<b>(54,990)</b>	<b>(197,809)</b>	<b>(273,584)</b>
Transfers out	(100,000)	(100,000)	(200,000)	-
<b>Change in net position</b>	<b>(242,819)</b>	<b>(154,990)</b>	<b>(397,809)</b>	<b>(273,584)</b>
Net position - beginning	14,216,908	19,300,862	33,517,770	(1,602,404)
Net position (deficit) - ending	<u>\$ 13,974,089</u>	<u>\$ 19,145,872</u>	<u>\$ 33,119,961</u>	<u>\$ (1,875,988)</u>

See notes to financial statement.

# Town of Windham, Connecticut

## Statement of Cash Flows - Proprietary Funds For the Year Ended June 30, 2019

	Business-Type Activities - Enterprise Funds			Internal Service Funds
	Water Fund	Sewer Fund	Total	
Cash flows from operating activities:				
Cash received for the following:				
Charges for services and premiums	\$ 2,606,520	\$ 2,927,195	\$ 5,533,715	\$ 11,481,236
Other income	97,301	-	97,301	-
	<u>2,703,821</u>	<u>2,927,195</u>	<u>5,631,016</u>	<u>11,481,236</u>
Cash paid for the following:				
Personnel services	(1,457,991)	(1,295,964)	(2,753,955)	-
Fuel and utilities	(221,442)	(209,104)	(430,546)	-
Outside services	(44,919)	(484,658)	(529,577)	-
Administration	(95,507)	(76,905)	(172,412)	(867,484)
Repairs, maintenance and supplies	(269,034)	(224,567)	(493,601)	-
Other	-	(616)	(616)	-
Claims paid	-	-	-	(11,192,269)
	<u>(2,088,893)</u>	<u>(2,291,814)</u>	<u>(4,380,707)</u>	<u>(12,059,753)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>614,928</u>	<u>635,381</u>	<u>1,250,309</u>	<u>(578,517)</u>
Cash flows from noncapital financing activities:				
Payment on due to other funds	-	(1,485,898)	(1,485,898)	-
Transfers from (to) other funds	(100,000)	(100,000)	(200,000)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>(100,000)</u>	<u>(1,585,898)</u>	<u>(1,685,898)</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Purchases of capital assets	(183,810)	(11,950)	(195,760)	-
Principal paid on capital debt	(67,100)	(805,344)	(872,444)	-
Interest paid on capital debt	(13,550)	(208,391)	(221,941)	-
<b>Net cash used in capital and related financing activities</b>	<u>(264,460)</u>	<u>(1,025,685)</u>	<u>(1,290,145)</u>	<u>-</u>
Cash flows from investing activities:				
Purchase of investments	(316,596)	-	(316,596)	-
Sale of investments	-	931,313	-	-
Interest and dividends	66,128	696,348	762,476	-
<b>Net cash (used in) provided by investing activities</b>	<u>(250,468)</u>	<u>1,627,661</u>	<u>1,377,193</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>-</u>	<u>(348,541)</u>	<u>(348,541)</u>	<u>(578,517)</u>
Cash and cash equivalents, beginning of year	-	1,513,889	1,513,889	1,114,088
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ 1,165,348</u>	<u>\$ 1,165,348</u>	<u>\$ 535,571</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating loss	\$ (195,997)	\$ (542,947)	\$ (738,944)	\$ (273,584)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation expense	451,964	1,196,458	1,648,422	-
(Increase) decrease in assets:				
Accounts receivable	(5,000)	(30,565)	(35,565)	-
Inventories	22,559	-	22,559	-
Increase (decrease) in liabilities:				
Accounts payable	(9,192)	87,680	78,488	(218,068)
Accrued liabilities and compensated absences	350,594	(75,245)	275,349	(86,865)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 614,928</u>	<u>\$ 635,381</u>	<u>\$ 1,250,309</u>	<u>\$ (578,517)</u>

See notes to financial statements.

**Town of Windham, Connecticut**

**Statement of Fiduciary Net Position - Fiduciary Funds**  
**June 30, 2019**

	Pension Trust Funds	Private Purpose Trust Funds	Agency Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 2,525,748	\$ 64,755	\$ 108,112
Investments, at fair value:			
Debt securities	6,607,700	-	-
Certificates of deposit	-	-	210,924
Corporate bonds	8,137,569	-	-
Mutual funds	-	26,750	-
Collective trusts	5,080,135	-	-
Equity securities	41,714,273	100,294	-
Receivables	578,082	120	2,559
<b>Total assets</b>	<b>64,643,507</b>	<b>191,919</b>	<b>321,595</b>
<b>Liabilities</b>			
Accounts payable	-	-	2,559
Due to others	-	-	319,036
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>321,595</b>
<b>Net position restricted for pension benefits and other</b>	<b>\$ 64,643,507</b>	<b>\$ 191,919</b>	<b>\$ -</b>

See notes to financial statements.

**Town of Windham, Connecticut**

**Statement of Changes in Fiduciary Net Position -  
Fiduciary Funds  
For the Year Ended June 30, 2019**

	Pension Trust Funds	Private Purpose Trust Funds
Additions:		
Contributions:		
Employer	\$ 2,654,343	\$ -
Plan members	477,100	-
Private donations and other	821	500
<b>Total contributions and other</b>	<b>3,132,264</b>	<b>500</b>
Investment income:		
Interest and dividends	1,913,589	3,376
Net appreciation (depreciation) in the fair value of investments	3,831,587	3,093
<b>Total investment earnings</b>	<b>5,745,176</b>	<b>6,469</b>
Less administrative and other expenses	105,950	3,783
<b>Net investment earnings</b>	<b>5,639,226</b>	<b>2,686</b>
<b>Total additions</b>	<b>8,771,490</b>	<b>3,186</b>
Deductions:		
Benefit payments	3,332,484	3,100
<b>Total deductions</b>	<b>3,332,484</b>	<b>3,100</b>
<b>Change in net position</b>	<b>5,439,006</b>	<b>86</b>
Net position - restricted for pension benefits and other, beginning	59,204,501	191,833
Net position - restricted for pension benefits and other, ending	<u><u>\$ 64,643,507</u></u>	<u><u>\$ 191,919</u></u>

See notes to financial statements.



## **Town of Windham, Connecticut**

### **Notes to Financial Statements**

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

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

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

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

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

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

## Town of Windham, Connecticut

### Notes to Financial Statements

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

**Accounting standards adopted in the current year:** GASB Statement No. 83, *Certain Asset Retirement Obligations*, was effective for the Town beginning July 1, 2018. The objective of this Statement is to set guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to asset retirement obligations. The adoption of this statement did not impact the Town's financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was effective for the Town beginning July 1, 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statement related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The adoption of GASB Statement No. 88 did not impact the Town's financial position or results of operations or disclosures.

**Government-wide and fund financial statements:** The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. The effect of interfund activity has been removed from the statement of net position, except for the net residual amounts due between governmental and business-type activities. The interfund services provided and used are not eliminated from the statement of activities in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

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

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

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

**Governmental funds:** Governmental Funds are those through which most governmental functions typically are financed. The following are the Town's governmental funds:

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

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

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

## Town of Windham, Connecticut

### Notes to Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

## Town of Windham, Connecticut

### Notes to Financial Statements

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

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

The Town reports the following major governmental funds:

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

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

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

The Town reports the following major enterprise funds:

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

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

In addition, the Town reports the following fund types:

**Internal service fund:** This fund type is used to account for activities that provide goods or services to other funds, departments, or agencies of the Town on a cost-reimbursement basis. The Town utilizes an internal service fund to account for risk management activities as permitted by GAAP.

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

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

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

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

## Town of Windham, Connecticut

### Notes to Financial Statements

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

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.

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

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

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

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

The three categories within the hierarchy are as follows:

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

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

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

**Property taxes:** The Town's property tax is levied each July, on the assessed value listed on the prior October 1 Grand List, for all taxable property located in the Town. Real estate taxes are due in two equal installments on July 1 and January 1 following the levy date and personal property taxes are due in one installment on July 1 following the levy date, although a 30-day grace period is provided. Motor vehicle taxes are due and payable July 1 and motor vehicle supplement taxes are due and payable January 1. Taxes become delinquent thirty days after the installment is due and liens are filed on balances that are delinquent for one year. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes of approximately \$419,000 as of June 30, 2019.

## Town of Windham, Connecticut

### Notes to Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Town of Windham, Connecticut

### Notes to Financial Statements

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

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

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

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

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

**Interfund receivables and payables:** Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

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

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

**Deferred outflows/inflows of resources:** In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows related to pensions and OPEB in the government-wide statement of net position. A deferred outflow of resources related to pensions and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension/OPEB expense in a systematic and rational manner. The Town also reports a deferred charge on refunding in this manner in the government-wide statement of net position. A deferred charge on debt 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.



## Town of Windham, Connecticut

### Notes to Financial Statements

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow of resources related to pensions and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension/OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner.

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

**Net pension liability:** The net pension liability and related deferred amounts are measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period. The net pension liability and related deferred amounts are reported in the statement of net position. In the governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources

**Total OPEB liability:** The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total OPEB liability). The Town has accumulated no assets to fund the OPEB liability and therefore does not have a fiduciary fund to pay OPEB benefits. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period. The total OPEB liability is reported in the statement of net position.

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

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

Bonds payable	\$ 11,198,800
Deferred premiums, net of amortization	263,963
Compensated absences	6,182,349
Landfill post-closure liability	63,000
Net pension liability	8,306,472
Total OPEB liability	<u>10,908,086</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ 36,922,670</u></u>

## Town of Windham, Connecticut

### Notes to Financial Statements

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

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

**Investments:** The Town and the Pension Trust Funds do not have a custodial credit risk policy for investments. The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: (1) obligations of the United States and its agencies (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open-end money market mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (Sections 2-24f and 3-27f) also provide for investment in shares of the STIF. Other provisions of the Statutes cover specific municipal pension funds with particular investment authority and do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries.

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

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

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

**Deposits:** This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2019, \$7.1 million of the entity's bank balance of \$9.2 million was uninsured and uncollateralized.

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

## Town of Windham, Connecticut

### Notes to Financial Statements

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

Cash, cash equivalents and investments of the Town consist of the following at June 30, 2019:

Cash and cash equivalents:		
Deposits with financial institutions	\$	9,150,922
<b>Total cash and cash equivalents</b>		<u>9,150,922</u>
Permanent funds:		
Cemetery Trust:		
Corporate bonds		65,196 *
U.S. Treasury securities		59,330 *
Common stock		168,521 *
William A. & Jennie S. King Trust:		
Corporate bonds		90,753 *
U.S. Treasury securities		75,715 *
Common stock		357,253 *
<b>Total permanent funds</b>		<u>816,768</u>
Enterprise funds:		
Sewer fund:		
U.S. Government agencies		6,666,274 *
Certificates of deposits		171,518
Water fund:		
Certificates of deposits		3,072,203
<b>Total enterprise funds</b>		<u>9,909,995</u>
Private purpose trust funds:		
Common stock		100,294 *
Fixed income mutual funds		26,750
<b>Total private purpose trust funds</b>		<u>127,044</u>
Scholarship funds:		
Certificates of deposits		53,372
Student activity funds:		
Certificates of deposits		157,552
Pension trust funds:		
Corporate bonds		8,137,569 *
U.S. Treasury securities		6,607,700 *
Collective trusts		5,080,135
Common stock		41,714,273 *
<b>Total pension trust funds</b>		<u>61,539,677</u>
<b>Total cash, cash equivalents and investments</b>	\$	<u>81,755,330</u>

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

## Town of Windham, Connecticut

### Notes to Financial Statements

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

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

Statement of net position:

Cash and cash equivalents	\$ 6,452,307
Investments	10,726,763
	<u>17,179,070</u>

Fiduciary funds:

Cash and cash equivalents	2,698,615
Investments	61,877,645
	<u>64,576,260</u>

Total cash, cash equivalents and investments	<u>\$ 81,755,330</u>
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**Interest rate risk:** This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the Town's debt type investments to this risk using the segmented time distribution model is as follows.

As of June 30, 2019, investments consisted of the following:

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Debt securities:					
Corporate bonds	\$ 8,293,518	\$ 3,046	\$ 7,669,952	\$ 620,520	\$ -
Fixed income mutual funds	26,750	26,750	-	-	-
U.S. Government agencies	6,666,274	-	-	3,817,322	2,848,952
U.S. Treasury securities	6,742,745	-	2,283,749	4,458,996	-
Totals	<u>\$ 21,729,287</u>	<u>\$ 29,796</u>	<u>\$ 9,953,701</u>	<u>\$ 8,896,838</u>	<u>\$ 2,848,952</u>

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

## Town of Windham, Connecticut

### Notes to Financial Statements

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

The Town's investments in debt securities were rated by Standard & Poor's as follows at June 30, 2019:

Debt Securities	Fair Value	A+	A	A-	AA+	AA	AA-
Corporate bonds	\$ 8,293,518	\$ 462,531	\$ 1,502,177	\$ 1,493,253	\$ -	\$ 922,377	\$ 452,667
Fixed income mutual funds	26,750	-	-	-	26,750	-	-
U.S. government agencies	6,666,274	-	-	-	6,666,274	-	-
	<u>\$ 14,986,542</u>	<u>\$ 462,531</u>	<u>\$ 1,502,177</u>	<u>\$ 1,493,253</u>	<u>\$ 6,693,024</u>	<u>\$ 922,377</u>	<u>\$ 452,667</u>

Debt Securities	BBB+	BBB	BBB-	Unrated
Corporate bonds	\$ 2,349,842	\$ 1,110,671	\$ -	\$ -
	<u>\$ 2,349,842</u>	<u>\$ 1,110,671</u>	<u>\$ -</u>	<u>\$ -</u>

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

**Fair value:** The Town and the Pension Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town and the Pension Plan have the following recurring fair value measurements as of June 30, 2019:

	June 30, 2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Observable Inputs (Level 3)
Investments by fair value level:				
Stocks	\$ 42,340,341	\$ 42,340,341	\$ -	\$ -
Mutual funds	26,750	26,750	-	-
Collective trusts	5,080,135	-	5,080,135	-
Debt securities:				
U.S. Treasury	6,742,745	-	6,742,745	-
Corporate bonds	8,293,518	-	8,293,518	-
Asset and mortgage backed	6,666,274	-	6,666,274	-
Total debt securities	<u>21,702,537</u>	<u>-</u>	<u>21,702,537</u>	<u>-</u>
Total investments by fair value level	<u>69,149,763</u>	<u>\$ 42,367,091</u>	<u>\$ 26,782,672</u>	<u>\$ -</u>
Investments measured at amortized cost:				
Certificate of deposits	<u>3,454,645</u>			
Total investments measured at amortized cost	<u>3,454,645</u>			
Total investments	<u>\$ 72,604,408</u>			

# Town of Windham, Connecticut

## Notes to Financial Statements

### Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Increases and Transfers	Decreases and Transfers	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 5,471,725	\$ -	\$ -	\$ 5,471,725
Construction in progress	7,625,673	3,212,222	(5,102,856)	5,735,039
Total capital assets, not being depreciated	13,097,398	3,212,222	(5,102,856)	11,206,764
Capital assets, being depreciated				
Buildings and improvements	106,398,359	2,334,473	-	108,732,832
Machinery and equipment	22,713,785	2,049,975	(111,127)	24,652,633
Infrastructure	28,816,479	4,075,579	-	32,892,058
Total capital assets, being depreciated	157,928,623	8,460,027	(111,127)	166,277,523
Less accumulated depreciation for:				
Buildings and improvements	(42,392,288)	(2,635,760)	-	(45,028,048)
Machinery and equipment	(17,351,585)	(1,116,797)	111,127	(18,357,255)
Infrastructure	(18,095,611)	(1,170,567)	-	(19,266,178)
Total accumulated depreciation	(77,839,484)	(4,923,124)	111,127	(82,651,481)
Total capital assets, being depreciated, net	80,089,139	3,536,903	-	83,626,042
Governmental activities capital assets, net	\$ 93,186,537	\$ 6,749,125	\$ (5,102,856)	\$ 94,832,806

# Town of Windham, Connecticut

## Notes to Financial Statements

### Note 4. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases and Transfers	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 99,330	\$ -	\$ -	\$ 99,330
Total capital assets, not being depreciated	99,330	-	-	99,330
Capital assets, being depreciated:				
Buildings and improvements	24,778,923	194,524	-	24,973,447
Machinery and equipment	16,159,166	108,207	(141,689)	16,125,684
Services and improvements	18,123,794	34,516	-	18,158,310
Total capital assets, being depreciated	59,061,883	337,247	(141,689)	59,257,441
Less accumulated depreciation for:				
Buildings and improvements	(9,720,186)	(220,634)	(227,295)	(10,168,115)
Machinery and equipment	(7,304,907)	(979,859)	-	(8,284,766)
Services and improvements	(7,981,687)	(447,929)	227,295	(8,202,321)
Total accumulated depreciation	(25,006,780)	(1,648,422)	-	(26,655,202)
Total capital assets, being depreciated, net	34,055,103	(1,311,175)	(141,689)	32,602,239
Business-type activities capital assets, net	\$ 34,154,433	\$ (1,311,175)	\$ (141,689)	\$ 32,701,569

Depreciation and amortization expense was charged to functions as follows:

Governmental activities:	
General government	\$ 393,850
Public safety	984,625
Public works	1,969,250
Human services	49,231
Planning and development	49,231
Civic and cultural	196,925
Education	1,280,012
Total depreciation and amortization expense-governmental activities	<u>\$ 4,923,124</u>
Business-type activities:	
Water	\$ 451,964
Sewer	1,196,458
Total depreciation and amortization expense-business-type activities	<u>\$ 1,648,422</u>

## Town of Windham, Connecticut

### Notes to Financial Statements

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

A summary of interfund balances as of June 30, 2019, is presented below:

	Due From Other Funds	Due to Other Funds
General fund	\$ 6,805,372	\$ -
Capital improvement fund	-	4,150,728
Sewer fund	-	697,179
Water fund	-	446,213
Nonmajor governmental funds	66	1,125,078
Internal service fund	-	386,240
	<u>\$ 6,805,438</u>	<u>\$ 6,805,438</u>

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

**Due to/Due from.** At the end of the current fiscal year, the General Fund was owed \$6,805,372. Issuance of bonds and the associated premiums in October 2019 repaid the money owed by the Capital Improvement Fund and Debt Service Fund. The Enterprise Funds repaid the General Fund in the first half of 2019.

Interfund transfers for the year ended June 30, 2019, consisted of the following:

	Transfers From Other Funds	Transfers to Other Funds
General fund	\$ 322,713	\$ 318,886
Capital improvement fund	85,849	-
Water fund	-	100,000
Sewer fund	-	100,000
Nonmajor governmental funds	110,324	-
	<u>\$ 518,886</u>	<u>\$ 518,886</u>

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



# **Town of Windham, Connecticut**

## **Notes to Financial Statements**

### **Note 6. Long-Term Liabilities**

The following is a summary of changes in long-term obligations for the year ended June 30, 2019:

	Beginning Balances	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds and notes payable:					
General obligation bonds	\$ 12,911,100	\$ -	\$ (1,712,300)	\$ 11,198,800	\$ 1,598,700
Unamortized amounts:					
Premiums	282,817	-	(18,854)	263,963	-
Total bonds payable	13,193,917	-	(1,731,154)	11,462,763	1,598,700
Other liabilities:					
Compensated absences	6,209,515	2,146,164	(2,173,330)	6,182,349	2,163,800
Landfill post-closure liability	70,000	-	(7,000)	63,000	7,000
Total OPEB liability	16,811,100	-	(5,903,014)	10,908,086	-
Net pension liability	10,063,644	-	(1,757,172)	8,306,472	-
	<u>\$ 46,348,176</u>	<u>\$ 2,146,164</u>	<u>\$ (11,571,670)</u>	<u>\$ 36,922,670</u>	<u>\$ 3,769,500</u>
Business-type activities					
Bonds payable:					
General obligation bonds	\$ 498,900	\$ -	\$ (67,100)	\$ 431,800	\$ 66,300
Other liabilities:					
Notes payable	10,788,670	-	(805,344)	9,983,326	805,344
Compensated absences	284,906	17,861	(99,717)	203,050	71,068
	<u>\$ 11,572,476</u>	<u>\$ 17,861</u>	<u>\$ (972,161)</u>	<u>\$ 10,618,176</u>	<u>\$ 942,712</u>

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

## Town of Windham, Connecticut

### Notes to Financial Statements

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

**General obligation bonds:** A summary of general obligation bonds outstanding at June 30, 2019, is as follows:

Purpose of Bonds	Date of Issue	Original Amount	Interest Rates	Final Maturity Date	Amount Outstanding
Governmental :					
Bonds payable:					
General purpose bonds	2010	\$ 4,000,000	1.75%-4.00%	2031	\$ 2,315,000
General purpose refunding bonds	2010	5,260,000	2.00%-4.00%	2024	990,000
General purpose refunding bonds	2014	7,820,900	2.00%-4.00%	2034	5,843,800
General purpose bonds	2015	2,845,000	1.80%	2022	1,550,000
Qualified Zone Academy Bonds	2006	500,000	-	2022	500,000
Total governmental activities					<u>\$ 11,198,800</u>
Business-type activities:					
Bonds payable:					
Water bonds, refinanced	2014	684,100	2.00%-3.00%	2026	<u>\$ 431,800</u>
Notes payable:					
Clean Water Fund note payable	2008	\$ 668,189	2.00%	2027	288,820
Clean Water Fund note payable	2012	15,408,418	2.00%	2032	<u>9,694,274</u>
					<u>9,983,094</u>
Total business-type activities					<u>\$ 10,414,894</u>

## Town of Windham, Connecticut

### Notes to Financial Statements

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

Annual debt service requirements to maturity on general obligation bonds, water bonds and clean water fund notes are as follows as of June 30, 2019:

Year Ending June 30:	Governmental Activities	
	Bonds Payable	
	Principal	Interest
2020	\$ 1,598,700	\$ 301,800
2021	1,628,700	268,344
2022	2,125,100	233,588
2023	775,000	198,637
2024	785,000	173,103
2025-2029	2,596,300	534,038
2030-2034	1,690,000	159,978
	<u>\$ 11,198,800</u>	<u>\$ 1,869,488</u>

Year Ending June 30:	Business-Type Activities					
	Bonds Payable		Notes Payable		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 66,300	\$ 11,610	805,344	\$ 193,562	\$ 871,644	\$ 205,172
2021	66,300	9,953	807,479	177,435	873,779	187,388
2022	64,900	7,985	807,505	161,292	872,405	169,277
2023	65,000	6,036	808,253	145,136	873,253	151,172
2024	65,000	4,086	809,017	128,963	874,017	133,049
2025-2029	104,300	2,759	3,955,463	404,040	4,059,763	406,799
2030-2032	-	-	1,990,033	56,498	1,990,033	56,498
	<u>\$ 431,800</u>	<u>\$ 42,429</u>	<u>\$ 9,983,094</u>	<u>\$ 1,266,926</u>	<u>\$ 10,414,894</u>	<u>\$ 1,309,355</u>

**Statutory debt limitation:** The Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times prior year base receipts, as defined in the Statute, or approximately \$277.1 million as of June 30, 2019. Further, the statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2019.

As of June 30, 2019, the Town has authorized and unissued bonds of \$120,648,524 for school construction projects, \$2,832,495 for roads and sidewalks and \$14,061,635 for municipal and public safety projects.

**Landfill post-closure liability:** The Town landfill has been closed. State and federal laws and regulations require landfill closures to meet certain standards. Monitoring costs for the next 11 years are estimated to be \$63,000. This amount is based on estimates, which are subject to change due to inflation, technology or applicable laws and regulations. The estimated liability is not recorded in the fund financial statements since the liability will be funded from future financial resources, not from expendable available financial resources.

## Town of Windham, Connecticut

### Notes to Financial Statements

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#### Note 7. Unavailable/Unearned Revenue

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

	Unavailable Revenue	Unearned Revenues
General fund:		
Property taxes receivable	\$ 361,999	\$ -
Capital improvement fund:		
Intergovernmental receivable	6,169,969	-
Educational grants fund:		
Grants drawdown in advance	-	176,238
Other nonmajor governmental funds:		
Loans receivable	814	-
Other receivable	32,047	-
Grants drawdown in advance	-	412,735
	32,861	412,735
Total	\$ 6,564,829	\$ 588,973

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

##### Public employee retirement system:

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

## Town of Windham, Connecticut

### Notes to Financial Statements

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

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

	Fire	Police	Municipal	Board of Education
Retirees and beneficiaries receiving benefits	29	34	21	91
Terminated employees entitled to benefits but not yet receiving them	3	2	75	58
Active plan members	28	43	95	110
	60	79	191	259

#### Benefit provisions:

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

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

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

# Town of Windham, Connecticut

## Notes to Financial Statements

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

Municipal employees are required to make contributions of 1.50% of annual earnings through June 30, 2019 to the PERS. If a member leaves covered employment or dies before meeting the vesting requirements, accumulated employee contributions are refunded. The Town is required to contribute the remaining amounts necessary to finance the benefits for its employees. Benefits are fixed by contract and may be amended by union negotiations.

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

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

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

**Contribution requirements and contributions made:** The Town's funding policy provides for periodic employer contributions at actuarially determined rates, that, when expressed as a percentage of annual covered payroll, are sufficient to accumulate the assets needed to pay benefits when due. Contributions were determined in accordance with actuarially determined contribution requirements computed through actuarial valuations performed at various valuation dates. The employer's contributions were based on normal cost and an amortization of the unfunded actuarial accrued liability. The Town's actuary, as stated in the actuarial valuation, determines annual contributions to each plan. Contributions for the fiscal year ended June 30, 2019, and the employee and employer contributions as a percentage of covered payroll, respectively, are as follows:

Pension Contributions	Fire	Police	Municipal	Board of Education
Employer	\$ 653,656	\$ 1,079,997	\$ 614,335	\$ 306,355
Employee	132,863	252,301	91,936	-
Total	<u>\$ 786,519</u>	<u>\$ 1,332,298</u>	<u>\$ 706,271</u>	<u>\$ 306,355</u>

  

Percentage of Covered Payroll	Fire	Police	Municipal	Board of Education
Employer	33.4%	37.4%	10.2%	7.3%
Employee	6.8%	12.9%	4.7%	0.0%
Total	<u>40.2%</u>	<u>50.3%</u>	<u>14.9%</u>	<u>7.3%</u>

**Town of Windham, Connecticut**

**Notes to Financial Statements**

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

**Plan financial statements:**

Town of Windham, Connecticut  
Combining Statement of Fiduciary Net Position -  
Pension Trust Funds  
June 30, 2019

	Firemen's Pension	Policemen's Pension	Municipal Employees' Pension	Board of Education Employees' Pension	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 569,600	\$ 870,434	\$ 928,053	\$ 157,661	\$ 2,525,748
Investments:					
Corporate bonds	2,007,978	3,385,715	2,743,876		8,137,569
U.S. government securities	1,615,043	2,786,425	2,206,232	-	6,607,700
Collective trusts	-	-	-	5,080,135	5,080,135
Common stock	9,129,062	15,802,861	12,466,270	4,316,080	41,714,273
Receivables	25,958	44,289	35,480	472,355	578,082
Total assets	<u>13,347,641</u>	<u>22,889,724</u>	<u>18,379,911</u>	<u>10,026,231</u>	<u>64,643,507</u>
Net position:					
Restricted for pension benefits	<u>\$ 13,347,641</u>	<u>\$ 22,889,724</u>	<u>\$ 18,379,911</u>	<u>\$ 10,026,231</u>	<u>\$ 64,643,507</u>

# Town of Windham, Connecticut

## Notes to Financial Statements

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

Town of Windham, Connecticut  
Combining Statement of Changes in Fiduciary Net Position -  
Pension Trust Funds  
For the Year Ended June 30, 2019

	Firemen's Pension	Policemen's Pension	Municipal Employees' Pension	Board of Education Employees' Pension	Total
<b>Additions</b>					
Contributions:					
Employer	\$ 653,656	\$ 1,079,997	\$ 614,335	\$ 306,355	\$ 2,654,343
Plan members	132,863	252,301	91,936	-	477,100
Other	312	451	58	-	821
Total contributions	786,831	1,332,749	706,329	306,355	3,132,264
Investment earnings:					
Interest and dividends	366,514	599,664	594,869	352,542	1,913,589
Net appreciation in fair value of investments	822,069	1,386,750	1,270,089	352,679	3,831,587
Total investment earnings	1,188,583	1,986,414	1,864,958	705,221	5,745,176
Less administrative and other expenses	10,575	8,800	17,950	68,625	105,950
Net investment earnings	1,178,008	1,977,614	1,847,008	636,596	5,639,226
Total additions	1,964,839	3,310,363	2,553,337	942,951	8,771,490
<b>Deductions</b>					
Benefit payments	799,920	1,350,580	651,567	530,417	3,332,484
Total deductions	799,920	1,350,580	651,567	530,417	3,332,484
Change in net position	1,164,919	1,959,783	1,901,770	412,534	5,439,006
Net position restricted for pension benefits					
Beginning of year	12,182,722	20,929,941	16,478,141	9,613,697	59,204,501
End of year	\$ 13,347,641	\$ 22,889,724	\$ 18,379,911	\$ 10,026,231	\$ 64,643,507



# Town of Windham, Connecticut

## Notes to Financial Statements

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

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

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

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

The following was the allocation policy as of June 30, 2019:

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

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

Investment Type	Issuer	Board of Education
Collective Trust	Aetna Life Insurance Company	\$ 5,080,135

# Town of Windham, Connecticut

## Notes to Financial Statements

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

**Net pension liability of the Town:** The components of the net pension liability of the Town at June 30, 2019, were as follows:

#### Municipal Employees Pension Plan

Total pension liability	\$ 21,770,121
Plan fiduciary net position	(18,379,911)
Net pension liability	<u>\$ 3,390,210</u>
Plan fiduciary net position as a percentage of total pension liability	84.43%

#### BOE Pension Plan

Total pension liability	\$ 11,119,663
Plan fiduciary net position	(10,026,231)
Net pension liability	<u>\$ 1,093,432</u>
Plan fiduciary net position as a percentage of total pension liability	90.17%

#### Police Pension Plan

Total pension liability	\$ 24,959,273
Plan fiduciary net position	(22,889,724)
Net pension liability	<u>\$ 2,069,549</u>
Plan fiduciary net position as a percentage of total pension liability	91.71%

#### Fire Pension Plan

Total pension liability	\$ 15,100,922
Plan fiduciary net position	(13,347,641)
Net pension liability	<u>\$ 1,753,281</u>
Plan fiduciary net position as a percentage of total pension liability	88.39%

**Rate of return:** For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was as follows.

	Police	Fire	Municipal	BOE
Money weighted rate of return	9.62%	9.74%	11.13%	7.89%

## Town of Windham, Connecticut

### Notes to Financial Statements

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

**Actuarial assumptions:** The total pension liability was determined by actuarial valuations as of July 1, 2017 for Fire, Police, and BOE and January 1, 2017 for Municipal, calculated based on the discount rate and actuarial assumptions below, and then was projected forward to the measurement date June 30, 2019. There have been no significant changes between the valuation date and the fiscal year-end.

	Police	Fire	Municipal	BOE
Actuarial valuation date	7/1/2017	7/1/2017	1/1/2017	7/1/2018
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment rate of return	7.0%	7.0%	7.0%	6.50%
Projected salary increases	4.5% compounded annually	4.5% compounded annually	3.0% annually	3.0%
Inflation rate	2.75%	2.75%	2.75%	2.75%
Measurement date	6/30/2019	6/30/2019	6/30/2019	6/30/2019

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2018.

**Assumed rate of return:** The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of returns for each major asset class are included in the pension plan's target asset allocation. Best-estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, and the final investment return assumption, are summarized in the following table:

	Police	Fire	Municipal	BOE
	Long-Term Expected Real Return - Portfolio	Long-Term Expected Real Return - Portfolio	Long-Term Expected Real Return - Portfolio	Long-Term Expected Real Return - Portfolio
Asset Class				
Cash	0.20%	0.20%	-	
Core fixed income	-	-	2.80%	2.27%
Large cap core equities	6.80%	6.80%	6.80%	3.13%
Mid cap core equities	7.40%	7.40%	-	3.27%
Small cap core equities	7.90%	7.90%	7.90%	3.62%
International equity	6.60%	6.60%	6.60%	3.91%
Emerging markets equities	8.40%	8.40%	-	-
Intermediate duration investment grade taxable	2.80%	2.80%	-	-
Short duration investment grade taxable fixed	2.80%	2.80%	-	-
Inflation	2.75%	2.75%	2.75%	2.75%
Long-term nominal rate	8.13%	8.13%	7.20%	6.50%

## Town of Windham, Connecticut

### Notes to Financial Statements

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

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

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

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

Net Pension Liability (Asset)	1% decrease	Current Discount Rate	1% increase
Police	\$ 5,364,602	\$ 2,069,549	\$ (645,492)
Fire	3,587,974	1,753,281	215,545
Municipal	6,312,695	3,390,210	938,210
BOE	2,409,994	1,093,432	22,709

**Net pension liability of the Town:** The components of the net pension liability of the Town for its pension plans at June 30, 2019, were as follows:

#### Changes in the Net Pension Liability

<u>FIRE</u>	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 6/30/19	\$ 14,431,823	\$ 12,202,096	\$ 2,229,727
Changes for the year:			
Service cost	464,724	-	464,724
Interest	1,014,871	-	1,014,871
Change in assumptions	-	-	-
Contributions - employer	-	653,656	(653,656)
Contributions - member	-	132,863	(132,863)
Net investment income	-	1,169,522	(1,169,522)
Differences between expected and actual experience	-	-	-
Benefit payments, including refunds of employee contributions	(810,496)	(810,496)	-
Net changes	669,099	1,145,545	(476,446)
Balances at 6/30/19	\$ 15,100,922	\$ 13,347,641	\$ 1,753,281

# Town of Windham, Connecticut

## Notes to Financial Statements

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

#### Changes in the Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(a)	(a)
<u>POLICE</u>			
Balances at 6/30/18	\$ 23,763,251	\$ 20,935,142	\$ 2,828,109
Changes for the year:			
Service cost	877,336	-	877,336
Interest	1,678,068	-	1,678,068
Change in assumptions	-	-	-
Contributions - employer	-	1,079,997	(1,079,997)
Contributions - member	-	252,301	(252,301)
Net investment income	-	1,981,666	(1,981,666)
Benefit payments, including refunds of employee contributions	(1,359,382)	(1,359,382)	-
Net changes	1,196,022	1,954,582	(758,560)
Balances at 6/30/19	\$ 24,959,273	\$ 22,889,724	\$ 2,069,549

#### Changes in the Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(a)	(a)
<u>MUNICIPAL</u>			
Balances at 6/30/18	\$ 20,355,353	\$ 16,520,481	\$ 3,834,872
Changes for the year:			
Service cost	502,866	-	502,866
Interest	1,437,039	-	1,437,039
Differences between expected and actual experience	144,380	-	144,380
Change in assumptions	-	-	-
Contributions - employer	-	614,335	(614,335)
Contributions - member	-	91,936	(91,936)
Net investment income	-	1,822,676	(1,822,676)
Benefit payments, including refunds of employee contributions	(669,517)	(669,517)	-
Net changes	1,414,768	1,859,430	(444,662)
Balances at 6/30/19	\$ 21,770,121	\$ 18,379,911	\$ 3,390,210

# Town of Windham, Connecticut

## Notes to Financial Statements

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

#### Changes in the Total Pension Liability

<u>BOE</u>	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 6/30/18	\$ 10,774,231	\$ 9,613,697	\$ 1,160,534
Changes for the year:			
Service cost	264,582	-	264,582
Interest	700,556	-	700,556
Differences between expected and actual experience	(89,289)	-	(89,289)
Administrative payments	-	(68,639)	68,639
Contributions - employer	-	306,355	(306,355)
Net investment income	-	705,235	(705,235)
Benefit payments	(530,417)	(530,417)	-
Net changes	345,432	412,534	(67,102)
Balances at 6/30/19	\$ 11,119,663	\$ 10,026,231	\$ 1,093,432

For the year ended June 30, 2019, the Town recognized pension expense of \$363,624 for the Fire Pension Plan (FPP). As of June 30, 2019, the Town's reported deferred outflows of resources and deferred inflows of resources related to the FPP pensions in the statement of net position from the following sources:

Fire Pension Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (653,757)
Net difference between projected and actual earnings on pension plan investments	-	(39,768)
Change in assumptions	284,741	(184,859)
Total	\$ 284,741	\$ (878,384)

For the year ended June 30, 2019, the Town recognized pension expense of \$968,644 for the Police Pension Plan (PPP). As of June 30, 2019, the Town's reported deferred outflows of resources and deferred inflows of resources related to the PPP pensions in the statement of net position from the following sources:

Police Pension Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 67,076	\$ (293,815)
Changes of assumptions	396,448	(262,238)
Net difference between projected and actual earnings on pension plan investments	23,654	-
Total	\$ 487,178	\$ (556,053)

# Town of Windham, Connecticut

## Notes to Financial Statements

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

For the year ended June 30, 2019, the Town recognized pension expense of \$1,181,446 for the Municipal Pension Plan (MPP). As of June 30, 2019, the Town's reported deferred outflows of resources and deferred inflows of resources related to MPP pensions in the statement of net position from the following sources:

Municipal Pension Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 654,661	\$ (127,616)
Changes of assumptions	1,287,665	-
Net difference between projected and actual earnings on pension plan investments	-	(286,373)
Total	<u>\$ 1,942,326</u>	<u>\$ (413,989)</u>

For the year ended June 30, 2019, the Town recognized pension expense of \$540,559 for the BOE pension plan. As of June 30, 2019, the Town's reported deferred outflows of resources and deferred inflows of resources related to the BOE pensions in the statement of net position from the following sources:

BOE Pension Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 44,387	\$ (65,157)
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	81,776	-
Total	<u>\$ 126,163</u>	<u>\$ (65,157)</u>

### Aggregate Pension Information:

	Net Pension Liability	Pension Expense	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Plan	\$ 3,390,210	\$ 1,181,446	\$ 1,942,326	\$ 413,989
BOE Plan	1,093,432	540,559	126,163	65,157
Police Plan	2,069,549	968,644	487,178	556,053
Fire Plan	1,753,281	363,624	284,741	878,384
	<u>\$ 8,306,472</u>	<u>\$ 3,054,273</u>	<u>\$ 2,840,408</u>	<u>\$ 1,913,583</u>

## Town of Windham, Connecticut

### Notes to Financial Statements

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

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

	Fire Pension Plan	Police Pension Plan	Municipal Pension Plan	BOE Pension Plan
Years ending June 30:				
2020	\$ (264,773)	\$ (110,622)	\$ 434,213	\$ 78,708
2021	529	200,849	264,091	3,040
2022	(135,746)	6,208	367,535	(2,953)
2023	(183,679)	(113,641)	224,736	(17,789)
2024	(9,974)	(19,142)	224,638	-
Thereafter	-	(32,527)	13,124	-
Total	\$ (593,643)	\$ (68,875)	\$ 1,528,337	\$ 61,006

#### Connecticut State Teachers' Retirement System:

**Description of system:** Certified personnel within the Town's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the System) is a cost sharing multiple employer defined benefit pension system with a special funding situation. The Town has no liability associated with the State Teachers' Retirement System.

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

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

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

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

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

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



## Town of Windham, Connecticut

### Notes to Financial Statements

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

**Contribution requirements:** The pension contributions made by the State to the System are determined on an actuarial reserve basis as described in CGS Sections 10-1831 and 10-183z. The Town is not required to contribute to the Plan.

Eligible employees are required to contribute 6.0% of their annual salary rate to the System as required by CGS Section 10-183b (7). The estimated covered payroll for the Town is approximately \$26,146,000.

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

**Actuarial assumptions:** The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2015. The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following key actuarial assumptions:

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

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in 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 long-term expected rate of return on pension investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

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

**Sensitivity of the proportionate share of the net pension liability to changes in the discount rate:**

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

**Pension liabilities, pension expense, and deferred inflows/outflows of resources:** The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by GASB No. 68 and the State is treated as a non-employer contributing entity in the System. Since the employers do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the Town. The portion of the net pension liability that was associated with the Town was \$79,644,856 and 100% of the collective net pension liability is allocated to the State.

The Town recognized the total pension expense associated with the Town as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the Town. For the fiscal year ended June 30, 2019, the Town recognized \$8,938,728 reported as intergovernmental revenue in the General fund, as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. Since the prior valuation, the State adopted new assumptions based on the 2015 Experience Study. The changes in assumptions are summarized below:

***Economic assumptions:***

1. Reduce the inflation assumption from 2.75% to 2.50%.
2. Reduce the real rate of return assumption from 5.25% to 4.40 % which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.00% to 6.90%.
3. Increase the annual rate of wage increase assumption from 0.50% to 0.75%.

***Demographic assumptions:***

None

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

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

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

## Town of Windham, Connecticut

### Notes to Financial Statements

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

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

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

Membership in the plan at July 1, 2018, the date of last actuarial valuation.

	OPEB
Retirees and beneficiaries receiving benefits	33
Active plan members	538
	<u>571</u>

#### Actuarial methods and assumptions:

Significant methods and assumptions were as follows:

Valuation date	July 1, 2018
Measurement date	June 30, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period in years	30 Years – Open
Investment return	3.51%
Actuarial assumptions (includes inflation rate):	
Inflation rate	2.50%
Healthcare cost trend rate	7.00 % initial; 4.50% final

**Mortality:** RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with scale MP-2018.

**Discount rate:** The discount rate used to measure the total OPEB liability was 3.51% from the Bond Buyer GO 20- Bond Municipal Index. The projection of cash flows used to determine the discount rate assumed the Town will cover payments for current active and inactive employees on a pay-as-you-go basis.

**Total OPEB liability of the Town:** The Town's total OPEB liability of \$10,908,086 was measured as of June 30, 2019, as determined by an actuarial valuation as of July 1, 2018, which was projected forward to June 30, 2019. The Town has not accumulated any assets in a fiduciary trust for payment of benefits.

**Town of Windham, Connecticut**

**Notes to Financial Statements**

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

Changes in Total OPEB Liability	OPEB Plan
Total OPEB liability:	
Service cost	\$ 838,221
Interest	679,574
Changes in Benefit Terms	55,555
Difference between expected and actual experience	(8,072,968)
Change in assumptions	776,870
Benefit payments	(180,266)
<b>Net change in total OPEB liability</b>	<b>(5,903,014)</b>
Total OPEB liability, beginning	16,811,100
<b>Total OPEB liability, ending</b>	<b>\$ 10,908,086</b>

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates:** The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower or 1% point higher than the current healthcare cost trend rates:

	1% Decrease (6.00% decreasing to 3.50%)	Healthcare Cost Trend Rates (7.00% decreasing to 4.50%)	1% Increase (8.00% decreasing to 5.50%)
Total OPEB Liability as of June 30, 2019	\$ 9,473,688	\$ 10,908,086	\$ 12,641,542

**Sensitivity of estimates used in calculating the total OPEB liability:** The following presents the total OPEB liability, calculated using the discount rate of as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the rate utilized.

	1% Decrease	Current Discount Rate 3.51%	1% Increase
Total OPEB Liability as of June 30, 2019	\$ 12,232,505	\$ 10,908,086	\$ 9,770,816

**OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB:** For the year ended June 30, 2019, the Town recognized OPEB expense of \$912,928. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Municipal Pension Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (7,451,345)
Change in assumptions	716,648	(499,972)
<b>Total</b>	<b>\$ 716,648</b>	<b>\$ (7,951,317)</b>

## Town of Windham, Connecticut

### Notes to Financial Statements

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

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

	OPEB Plan
Years ending June 30:	
2020	\$ (613,604)
2021	(613,604)
2022	(613,604)
2023	(613,604)
2024	(613,604)
Thereafter	(4,166,649)
	<u>\$ (7,234,669)</u>

#### **Connecticut State Teachers' Retirement System- Retiree Health Insurance Plan**

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

Chapter 167a Section 10-183 (t) of the Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at [www.ct.gov/trb](http://www.ct.gov/trb).

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

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

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

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans.

## Town of Windham, Connecticut

### Notes to Financial Statements

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

Those participants electing vision, hearing and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the plan for these benefits.

**Survivor health care coverage:** Survivors of former employees or retirees remain eligible to participate in the Plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB - Sponsored Medicare Supplemental Plans, as long as they do not remarry.

**Eligibility:** Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Plan.

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

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

**Early retirement:** 25 years of Credited Service including 20 years of Connecticut service, or age 55 with 20 years of Credited Service including 15 years of Connecticut service.

**Proratable retirement:** Age 60 with 10 years of credited service

**Disability retirement:** 5 years of Credited Service in Connecticut if not incurred in the performance of duty and no service requirement if incurred in the performance of duty.

**Termination of employment:** 10 or more years of Credited Service.

#### **Contributions:**

##### *State of Connecticut*

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

##### *Employer (School Districts)*

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

##### *Employees*

Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

## Town of Windham, Connecticut

### Notes to Financial Statements

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

**OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB:** At June 30, 2019, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the Town was as follows:

The net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2018. At June 30, 2019, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2019, the Town recognized OPEB expense and (revenue) of \$(5,289,114) in General Fund intergovernmental revenue, for on-behalf amounts for the benefits provided by the State.

**Actuarial assumptions:** The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Health care costs trend rate	5.95% decreasing to 4.75% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2019

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) over age 80. For disabled retirees, the RPH-2014 Disabled Mortality Table projected to 2017 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 74 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.02%).

## Town of Windham, Connecticut

### Notes to Financial Statements

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

**Discount rate:** The discount rate used to measure the total OPEB liability was 3.87%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate was used in the determination.

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

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

#### **Note 10. Risk Management**

The Town is exposed to various risks of loss relating to torts; theft of, damage of, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases commercial insurance to manage these risks. The Town is not insured concerning the following types of risks: unemployment compensation.

Settled claims have not exceeded commercial coverage nor has coverage been materially reduced in any of the last three years.

The Town is self-insured for worker's compensation claims and employee health insurance. The Town recognizes a liability for worker's compensation claims payable and for claims incurred but not reported based on actuarial analysis of claim history and for other self-insured claims which are probable of loss based on a case-by-case review. The Town also purchases stop-loss coverage for amounts above \$500,000 per claim.

The Health Insurance Fund, an internal service fund, was established to account for and finance employee medical benefits claims for eligible employees of both the Town and the Board of Education. The Town retains the risk of loss under the plan.

A third party processes the claims filed under the self-insured health plan, for which the General Fund is charged an administrative fee.

The Town and BOE have Individual Stop Loss (ISL) coverage that limits their liability to \$175,000 per claimant in a plan year. The Town and BOE's overall claim liability is also limited to 115% of expected claims (\$10,500,000) with Aggregate Stop Loss coverage for the plan year. Anthem administers the payment of Medical and Pharmacy claims, calculates and provides the accrued liability in a year-end settlement. Lockton Companies, LLC, the consultant for the Town and BOE, analyzes those claims and administrative expenses and advises the Town and BOE on all health insurance related issues.



## Town of Windham, Connecticut

### Notes to Financial Statements

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#### Note 10. Risk Management (Continued)

A summary of claims activity for health and workers' compensation risks for the years ended June 30, 2019 and 2018 are as follows:

Years ending June 30:	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2018	\$ 1,669,614	\$ 11,227,183	\$ 11,502,986	\$ 1,393,811
2019	1,393,811	11,658,118	11,192,269	1,859,660

The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2019. Claims liabilities are recorded in accordance with GASB No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of possible loss can be reasonably estimated. The amount of the claims accrual is based on the ultimate costs of settling the claims, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries.

#### Note 11. Contingent Liabilities

The Town has received State and Federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditures disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

In addition, there are several lawsuits pending against the Town. The outcome and eventual liability to the Town, if any, in these cases, is not known at this time. The Town's management, based upon consultation with legal counsel, estimates that potential claims against the Town resulting from such litigation would not materially affect the financial position of the Town.

#### Note 12. Deferred Compensation Plan

The Town offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all Town employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefit of the plans participants and their beneficiaries. Therefore, the accounts of the deferred compensation plans are not reported in the financial statements of the Town.

## Town of Windham, Connecticut

### Notes to Financial Statements

#### Note 13. Fund Balances (Deficits)

Below is a table of fund balance categories and classifications at June 30, 2019, for the Town's governmental funds:

	General Fund	Educational Grants Fund	Capital Improvements Fund	Nonmajor Governmental Funds
Fund balances (deficits)				
Nonspendable:				
Inventory	\$ 133,941	\$ -	\$ -	\$ 18,770
Permanent fund principal	-	-	-	298,896
Total nonspendable	133,941	-	-	317,666
Restricted:				
Education	-	-	-	1,078,174
Debt service	387,561	-	-	-
Civic and cultural - cemetery	-	-	-	134,402
Civic and cultural - recreation programs	-	-	-	141,213
Civic and cultural - library	-	-	-	39,225
Public safety	-	-	-	147,647
Public works	-	-	-	797,700
Capital outlay	-	-	-	246,651
Total restricted	387,561	-	-	2,585,012
Unassigned (deficit)	6,867,330	(1,899)	(21,752,700)	(1,114,463)
Total fund balance (deficit)	\$ 7,388,832	\$ (1,899)	\$ (21,752,700)	\$ 1,788,215

#### Note 14. Bond Anticipation Notes and Subsequent Events

**Bond anticipation notes:** The Town has \$17,000,000 of bond anticipation notes as of June 30, 2019. The bond anticipation notes had an interest rate of 3.00% and matured in August 2019.

**Subsequent event:** On October 22, 2019, the Town issued a \$13,500,000 bond anticipation note with an interest rate of 3.00%, maturing on October 20, 2020.

The Town also issued \$18,570,000 in 25-year General Obligation Bonds at an interest rate of 4.00%.

In December 2019, a novel strain of coronavirus surfaced in Wuhan, China, and has spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the Town could be significantly adversely affected. The extent to which the coronavirus may impact governmental activity, business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others.

## Town of Windham, Connecticut

### Notes to Financial Statements

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#### Note 15. Deficit Fund Equity

Major funds:

Capital improvement fund	\$ 21,752,700
Education Grant fund	1,899

Nonmajor funds:

Public safety donation fund	\$ 2,038
Town capital improvements fund	2,065
Drug-free communities year fund	60
LOCIP Projects Fund	3,854
Capital leases	648,131
Debt service fund	458,315
Health Insurance Fund	908,250
Workers' Compensation Fund	967,738

The Town anticipates financing the deficit through future bond and grant proceeds.

#### Note 16. GASB Statements

The GASB has issued several pronouncements that have effective dates that may impact future financial presentations.

The impact of the following accounting pronouncements are currently being assessed by the Town as to the impact to the financial statements. Other recently issued financial statements are not expected to have a material effect to the Town's financial statements.

**GASB Statement No. 84, *Fiduciary Activities***, is effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Town is aware of this Statement and will assess its impact to ensure timely implementation.

**GASB Statement No. 87, *Leases***, establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset, which should result in the recognition and reporting of leased assets and the liability associated with subsequent lease payments, which have historically been classified as operating leases of the current reporting period only. The new Statement requires a Lessee to recognize a lease liability and an intangible right-to-use lease asset, with the lessor required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

**GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period***. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

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

**GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61.*** The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

**GASB Statement No. 91, *Conduit Debt Obligations.*** In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged. The Town is not an issuer of conduit debt; therefore this Statement will have no effect on its financial statements.

**GASB Statement No. 92, *Omnibus,*** is effective for reporting periods beginning after June 15, 2021. The objective of this Statement is to enhance the comparability and consistency in accounting and financial reporting. The Town is aware of this Statement and will assess its impact to ensure timely implementation.

**GASB Statement No. 93, *Replacement of Interbank Offered Rates,*** is effective for reporting periods beginning after December 31, 2021. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of the London Interbank Offered Rate (LIBOR). The Town is aware of this Statement and will assess its impact to ensure timely implementation.

**GASB Statement No. 94, *Public-private and Public-Public Partnerships and Availability Payment Arrangements,*** is effective for reporting periods beginning after June 15, 2022. The objective of this Statement is to improve guidance on the financial reporting of private and public partnership arrangements. The Town is aware of this Statement and will assess its impact to ensure timely implementation.

**GASB Statement No. 96, *Subscription- Based Information Technology Arrangements,*** is effective for reporting periods beginning after June 15, 2022. The objective of this Statement is to improve guidance on the accounting and financial reporting for subscription based technology arrangements. The Town is aware of this Statement and will assess its impact to ensure timely implementation.

**GASB Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code section 457 Plans – an amendment of GASB Statements No. 14 and No. 84 , and a supersession of GASB Statement No.32,*** is effective for reporting periods beginning after June 15, 2021. The objective of this Statement is to improve guidance on the accounting and financial reporting for certain fiduciary component units. The Town is aware of this Statement and will assess its impact to ensure timely implementation.

**Required Supplementary  
Information—*unaudited***

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**Town of Windham, Connecticut**

**Required Supplementary Information-Unaudited  
Schedule of Employer Contributions  
Last Ten Fiscal Years**

SCHEDULE OF EMPLOYER CONTRIBUTIONS						
Year Ended June 30,	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll	
<b>Fire PERS</b>						
2019	\$ 653,656	\$ 653,656	\$ -	\$ 1,954,987	33.44%	
2018	708,361	708,361	-	1,870,801	37.86%	
2017	677,857	677,857	-	2,009,650	33.73%	
2016	714,062	-	714,062	1,923,110	0.00%	
2015	680,426	450,000	230,426	1,884,070	23.88%	
2014	551,973	551,973	-	1,794,352	30.76%	
2013	526,194	526,194	-	1,794,352	29.33%	
2012	491,040	491,040	-	1,493,434	32.88%	
2011	467,717	444,479	23,238	1,493,434	29.76%	
2010	368,082	368,082	-	1,719,319	21.41%	
<b>Police PERS</b>						
2019	\$ 1,079,997	\$ 1,079,997	\$ -	\$ 2,891,105	37.36%	
2018	1,055,252	1,055,252	-	2,766,608	38.14%	
2017	1,009,811	1,009,811	-	2,952,695	34.20%	
2016	790,769	790,769	-	2,825,545	27.99%	
2015	753,269	753,269	-	2,764,927	27.24%	
2014	816,486	816,486	-	2,633,264	31.01%	
2013	777,583	777,583	-	2,633,264	29.53%	
2012	782,520	782,520	-	2,476,451	31.60%	
2011	745,490	695,142	(50,348)	2,476,451	28.07%	
2010	624,215	624,215	-	2,451,505	25.46%	
<b>Municipal PERS</b>						
2019	\$ 869,065	\$ 869,065	\$ -	\$ 6,028,323	14.42%	
2018	710,445	829,133	(118,688)	6,039,928	13.73%	
2017	660,879	560,000	(100,879)	5,926,104	9.45%	
2016	518,719	518,719	-	5,753,499	9.02%	
2015	518,719	518,719	-	5,729,056	9.05%	
2014	496,485	496,485	-	5,301,533	9.36%	
2013	496,485	496,485	-	5,297,089	9.37%	
2012	445,550	445,550	-	5,266,031	8.46%	
2011	312,389	382,548	70,159	4,891,794	7.82%	
2010	382,548	423,201	40,653	4,753,331	8.90%	
<b>Board of Education PERS</b>						
2019	\$ 306,355	\$ 306,355	-	\$ 4,204,969	7.29%	
2018	485,352	485,352	-	4,453,739	10.90%	
2017	465,555	465,555	-	4,119,506	11.30%	
2016	411,800	411,800	-	3,797,635	10.84%	
2015	406,309	406,309	-	3,797,294	10.70%	
2014	367,393	367,393	-	3,776,596	9.73%	
2013	337,885	337,885	-	3,805,941	8.88%	
2012	319,576	319,576	-	3,890,910	8.21%	
2011	298,906	298,906	-	3,797,147	7.87%	
2010	288,880	288,880	-	3,791,184	7.62%	

# Town of Windham, Connecticut

## Required Supplementary Information - Unaudited Schedule of Changes in the Town's Net Pension Liability and Related Ratios and Schedule of Investment Returns Last Six Fiscal Years

	2019	2018	2017	2016	2015	2014
	Municipal Employees Pension Plan	Municipal Employees Pension Plan	Municipal Employees Pension Plan	Municipal Employees Pension Plan	Municipal Employees Pension Plan	Municipal Employees Pension Plan
Changes in Net Pension Liability (000's)						
Total pension liability:						
Service cost	\$ 502,866	\$ 447,886	\$ 434,840	\$ 369,204	\$ 339,526	\$ 328,517
Interest on total pension liability	1,437,039	1,325,414	1,186,369	1,046,867	951,896	863,773
Plan participants' contributions	-	-	-	83,448	82,157	79,178
Change in assumptions	-	1,824,191	-	-	-	-
Effect of economic/demographic gains or (losses)	144,380	(180,790)	668,663	247,009	135,707	137,143
Benefit payments	(669,517)	(561,144)	(340,816)	(283,451)	(234,991)	(204,272)
<b>Net change in total pension liability</b>	<b>1,414,768</b>	<b>2,855,557</b>	<b>1,949,056</b>	<b>1,463,077</b>	<b>1,274,295</b>	<b>1,204,339</b>
Total pension liability, beginning	20,355,353	17,499,796	15,550,740	14,087,663	12,813,368	11,609,029
<b>Total pension liability, ending (a)</b>	<b>21,770,121</b>	<b>20,355,353</b>	<b>17,499,796</b>	<b>15,550,740</b>	<b>14,087,663</b>	<b>12,813,368</b>
Fiduciary net position:						
Employer contributions	614,335	829,133	560,000	518,719	496,485	629,646
Member contributions	91,936	88,394	86,153	83,448	82,157	79,178
Investment income net of investment expenses	1,822,676	531,307	1,713,797	148,346	638,156	1,323,945
Benefit payments	(669,517)	(561,144)	(340,816)	(283,451)	(234,991)	(204,272)
<b>Net change in plan fiduciary net position</b>	<b>1,859,430</b>	<b>887,690</b>	<b>2,019,134</b>	<b>467,062</b>	<b>981,807</b>	<b>1,828,497</b>
Fiduciary net position, beginning	16,520,481	15,632,791	13,613,657	13,146,595	12,164,788	10,336,291
<b>Fiduciary net position, ending (b)</b>	<b>18,379,911</b>	<b>16,520,481</b>	<b>15,632,791</b>	<b>13,613,657</b>	<b>13,146,595</b>	<b>12,164,788</b>
<b>Net pension liability, ending = (a) - (b)</b>	<b>\$ 3,390,210</b>	<b>\$ 3,834,872</b>	<b>\$ 1,867,005</b>	<b>\$ 1,937,083</b>	<b>\$ 941,068</b>	<b>\$ 648,580</b>
Fiduciary net position as a % of total pension liability	84.43%	81.16%	89.33%	87.54%	93.32%	94.94%
Covered payroll	\$ 6,028,323	\$ 6,039,928	\$ 5,926,104	\$ 5,753,499	\$ 5,729,056	\$ 5,310,533
Net pension liability as a % of covered payroll	56.24%	63.49%	31.50%	33.67%	16.43%	12.21%
	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	11.13%	3.38%	13.66%	1.11%	5.18%	12.52%

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



## Town of Windham, Connecticut

### Required Supplementary Information - Unaudited Schedule of Changes in the Board of Education's Net Pension Liability and Related Ratios and Schedule of Investment Returns Last Six Fiscal Years

	2019	2018	2017	2016	2015	2014
	BOE	BOE	BOE	BOE	BOE	BOE
Changes in Net Pension Liability	Pension Plan	Pension Plan	Pension Plan	Pension Plan	Pension Plan	Pension Plan
Total pension liability:						
Service cost	\$ 263,400	\$ 254,611	\$ 278,939	\$ 260,773	\$ 248,566	\$ 250,042
Interest on total pension liability	700,566	671,537	637,854	608,513	563,878	539,091
Effect of economic/demographic gains or (losses)	(89,289)	34,716	113,754	194,946	(39,598)	-
Effect of assumption changes or inputs	-	-	-	(268,239)	-	-
Benefit payments	(530,417)	(516,210)	(463,024)	(409,942)	(380,356)	(356,651)
<b>Net change in total pension liability</b>	<b>344,260</b>	<b>444,654</b>	<b>567,523</b>	<b>386,051</b>	<b>392,490</b>	<b>432,482</b>
Total pension liability, beginning	10,775,231	10,329,577	9,762,054	9,376,003	8,983,513	8,551,031
<b>Total pension liability, ending</b>	<b>11,119,491</b>	<b>10,774,231</b>	<b>10,329,577</b>	<b>9,762,054</b>	<b>9,376,003</b>	<b>8,983,513</b>
Fiduciary net position:						
Employer contributions	306,355	485,352	465,555	411,800	406,309	367,393
Expected net investment income					-	-
Investment income net of investment expense	704,053	439,710	1,089,947	(222,083)	205,472	449,023
Benefit payments	(530,417)	(516,210)	(463,024)	(409,942)	(380,356)	(356,651)
Administrative expenses	(68,639)	(72,623)	(72,602)	(73,255)	(91,584)	(80,084)
<b>Net change in plan fiduciary net position</b>	<b>411,352</b>	<b>336,229</b>	<b>1,019,876</b>	<b>(293,480)</b>	<b>139,841</b>	<b>379,681</b>
Fiduciary net position, beginning	9,614,697	9,277,468	8,257,592	8,551,072	8,411,231	8,031,550
<b>Fiduciary net position, ending</b>	<b>10,026,049</b>	<b>9,613,697</b>	<b>9,277,468</b>	<b>8,257,592</b>	<b>8,551,072</b>	<b>8,411,231</b>
<b>Net pension liability, ending</b>	<b>\$ 1,093,442</b>	<b>\$ 1,160,534</b>	<b>\$ 1,052,109</b>	<b>\$ 1,504,462</b>	<b>\$ 824,931</b>	<b>\$ 572,282</b>
Fiduciary net position as a % of total pension liability	90.17%	89.23%	89.81%	84.59%	91.20%	93.63%
Covered payroll	\$ 4,204,969	\$ 4,453,739	\$ 4,119,506	\$ 3,797,635	\$ 3,797,294	\$ 3,776,596
Net pension liability as a % of covered payroll	26.00%	26.06%	25.54%	39.62%	21.72%	15.15%
	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	7.89%	4.83%	6.21%	3.96%	2.48%	5.67%

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

## Town of Windham, Connecticut

### Required Supplementary Information - Unaudited Schedule of Changes in the Police Net Pension Liability and Related Ratios and Schedule of Investment Returns Last Six Fiscal Years

	2019	2018	2017	2016	2015	2014
	Police	Police	Police	Police	Police	Police
Changes in Net Pension Liability	Pension Plan	Pension Plan	Pension Plan	Pension Plan	Pension Plan	Pension Plan
Total pension liability:						
Service cost	\$ 877,336	\$ 879,570	\$ 841,694	\$ 623,532	\$ 599,536	\$ 570,987
Interest on total pension liability	1,678,068	1,614,284	1,527,799	1,385,907	1,307,830	1,228,112
Changes of benefit terms	-	-	-	1,955,797	-	-
Differences between expected and actual experience	-	94,637	-	(549,303)	-	-
Changes of assumptions	-	(354,853)	-	741,184	-	-
Benefit payments	(1,359,382)	(1,282,348)	(1,065,062)	(991,702)	(792,553)	(737,935)
<b>Net change in total pension liability</b>	<b>1,196,022</b>	<b>951,290</b>	<b>1,304,431</b>	<b>3,165,415</b>	<b>1,114,813</b>	<b>1,061,164</b>
Total pension liability, beginning	23,763,251	22,811,961	21,507,530	18,342,115	17,227,302	16,166,138
<b>Total pension liability, ending</b>	<b>24,959,273</b>	<b>23,763,251</b>	<b>22,811,961</b>	<b>21,507,530</b>	<b>18,342,115</b>	<b>17,227,302</b>
Fiduciary net position:						
Employer contributions	1,079,997	1,055,252	1,015,012	-	753,269	816,486
Member contributions	252,301	250,922	244,526	233,545	214,434	202,966
Investment income net of investment expenses	1,981,666	(199,964)	1,338,602	2,841,554	94,856	2,457,309
Benefit payments	(1,359,382)	(1,282,348)	(1,065,062)	(991,702)	(737,129)	(737,935)
<b>Net change in plan fiduciary net position</b>	<b>1,954,582</b>	<b>(176,138)</b>	<b>1,533,078</b>	<b>2,083,397</b>	<b>325,430</b>	<b>2,738,826</b>
Fiduciary net position, beginning	20,935,142	21,111,280	19,578,202	17,494,805	17,169,375	14,485,973
<b>Fiduciary net position, ending</b>	<b>22,889,724</b>	<b>20,935,142</b>	<b>21,111,280</b>	<b>19,578,202</b>	<b>17,494,805</b>	<b>17,224,799</b>
<b>Net pension liability, ending</b>	<b>\$ 2,069,549</b>	<b>\$ 2,828,109</b>	<b>\$ 1,700,681</b>	<b>\$ 1,929,328</b>	<b>\$ 847,310</b>	<b>\$ 2,503</b>
Fiduciary net position as a % of total pension liability	91.71%	88.10%	92.54%	91.03%	95.38%	99.99%
Covered payroll	\$ 2,891,105	\$ 2,766,608	\$ 2,952,695	\$ 2,825,545	\$ 2,764,927	\$ 2,633,264
Net pension liability as a % of covered payroll	71.58%	102.22%	57.60%	68.28%	30.64%	0.10%
	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	9.62%	-0.97%	5.18%	16.57%	0.01%	17.24%

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

## Town of Windham, Connecticut

### Required Supplementary Information - Unaudited Schedule of Changes in the Fire Net Pension Liability and Related Ratios and Schedule of Investment Returns Last Six Fiscal Years

	2019	2018	2017	2016	2015	2014
	Fire	Fire	Fire	Fire	Fire	Fire
	Pension Plan	Pension Plan	Pension Plan	Pension Plan	Pension Plan	Pension Plan
Changes in Net Pension Liability						
Total pension liability:						
Service cost	\$ 464,724	\$ 473,620	\$ 453,225	\$ 430,295	\$ 413,736	\$ 394,034
Interest on total pension liability	1,014,871	1,008,090	958,755	979,024	932,057	884,978
Differences between expected and actual experience	-	-	-	262,662	-	-
Changes of assumptions	-	(352,653)	-	610,157	-	-
Change of benefit terms	-	(275,033)	-	(920,890)	-	-
Benefit payments	(810,496)	(726,206)	(728,920)	(752,483)	(720,330)	(623,426)
<b>Net change in total pension liability</b>	<b>669,099</b>	<b>127,818</b>	<b>683,060</b>	<b>608,765</b>	<b>625,463</b>	<b>655,586</b>
Total pension liability, beginning	14,412,449	14,284,631	13,601,571	12,992,806	12,367,343	11,711,757
<b>Total pension liability, ending</b>	<b>15,081,548</b>	<b>14,412,449</b>	<b>14,284,631</b>	<b>13,601,571</b>	<b>12,992,806</b>	<b>12,367,343</b>
Fiduciary net position:						
Employer contributions	653,656	708,361	677,857	-	450,000	551,973
Member contributions	132,863	164,696	158,040	155,129	143,628	139,703
Investment income net of investment expenses	1,169,522	(196,114)	723,634	2,050,630	70,695	1,470,873
Benefit payments	(810,496)	(726,206)	(728,920)	(752,483)	(720,330)	(623,426)
<b>Net change in plan fiduciary net position</b>	<b>1,145,545</b>	<b>(49,263)</b>	<b>830,611</b>	<b>1,453,276</b>	<b>(56,007)</b>	<b>1,539,123</b>
Fiduciary net position, beginning	12,182,722	12,231,985	11,401,374	9,948,098	10,004,105	8,464,982
<b>Fiduciary net position, ending</b>	<b>13,328,267</b>	<b>12,182,722</b>	<b>12,231,985</b>	<b>11,401,374</b>	<b>9,948,098</b>	<b>10,004,105</b>
<b>Net pension liability, ending</b>	<b>\$ 1,753,281</b>	<b>\$ 2,229,727</b>	<b>\$ 2,052,646</b>	<b>\$ 2,200,197</b>	<b>\$ 3,044,708</b>	<b>\$ 2,363,238</b>
Fiduciary net position as a % of total pension liability	88.37%	84.53%	85.63%	83.82%	76.57%	80.89%
Covered payroll	\$ 1,954,987	\$ 1,870,801	\$ 2,009,650	\$ 1,923,110	\$ 1,884,070	\$ 1,794,352
Net pension liability as a % of covered payroll	89.68%	119.19%	102.14%	114.41%	161.60%	131.70%
	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	9.74%	-1.97%	6.49%	21.20%	0.01%	17.83%

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

**Town of Windham, Connecticut**

**Schedule of the Town's Proportionate Share of the Net Pension Liability - Teachers'  
Retirement System  
Required Supplementary Information - unaudited  
Last Five Fiscal Years**

Measurement Date, June 30	2019	2018	2017	2016	2015
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability \$	-	-	-	-	-
State's proportionate share of the net pension liability associated with the Town	<u>\$ 79,644,856</u>	<u>\$ 78,028,522</u>	<u>\$ 82,320,688</u>	<u>\$ 62,227,331</u>	<u>\$ 57,516,697</u>
Total	<u>\$ 79,644,856</u>	<u>\$ 78,028,522</u>	<u>\$ 82,320,688</u>	<u>\$ 62,227,331</u>	<u>\$ 57,516,697</u>
Town's covered-employee payroll	<u>\$ 26,146,000</u>	<u>\$ 23,838,000</u>	<u>\$ 24,730,000</u>	<u>\$ 23,600,000</u>	<u>\$ 21,841,000</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
System fiduciary net position as a percentage of the total pension liability	<u>57.69%</u>	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

**Town of Windham, Connecticut**

**Required Supplementary Information - Unaudited  
Schedule of Changes in the Total OPEB Liability and Related Ratios  
Last Two Fiscal Years**

	2019	2018
	OPEB	OPEB
Changes in Total OPEB Liability	Plan	Plan
Total OPEB liability:		
Service cost	\$ 838,221	\$ 834,730
Interest on total OPEB liability	679,574	610,262
Change of Benefit terms	55,555	
Differences between expected and actual experience	(8,072,968)	(4,986)
Changes of assumptions	776,870	(595,204)
Benefit payments	(180,266)	(486,527)
<b>Net change in total OPEB liability</b>	<b>(5,903,014)</b>	<b>358,275</b>
Total OPEB liability, beginning	16,811,100	16,452,825
<b>Total OPEB liability, ending</b>	<b>\$ 10,908,086</b>	<b>\$ 16,811,100</b>
Covered payroll	\$ 31,503,279	\$ 34,818,995
Total OPEB liability as a % of covered payroll	34.63%	48.28%

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

**Town of Windham, Connecticut**

**Schedule of the Town's Proportionate Share of the Net OPEB Liability - Teachers'  
Retirement Board Health System  
Required Supplementary Information - unaudited  
Last Two Fiscal Years**

	2019	2018
Town's proportion of the net OPEB liability	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>\$ 15,921,503</u>	<u>\$ 20,083,665</u>
Total	<u>\$ 15,921,503</u>	<u>\$ 20,083,665</u>
Town's covered payroll	<u>\$ 24,660,000</u>	<u>\$ 23,838,000</u>
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>
System fiduciary net position as a percentage of the total OPEB liability	<u>1.49%</u>	<u>1.79%</u>

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

**Town of Windham, Connecticut**

**Required Supplementary Information-Unaudited  
Combined Statement of Revenues and Expenditures - Budget and Actual - Budgetary Basis -  
General Fund  
For the Year Ended June 30, 2019**

	Total			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Taxes, liens and interest	\$ 40,183,871	\$ 40,183,871	\$ 39,749,823	\$ (434,048)
Intergovernmental	31,072,512	31,072,512	30,870,957	(201,555)
Licenses and permits	307,500	307,500	392,963	85,463
Fines, forfeitures, and penalties	119,000	119,000	175,337	56,337
Charges for services	2,161,700	2,161,700	1,946,559	(215,141)
Investment income	10,000	10,000	72,521	62,521
Other	13,000	13,000	258,680	245,680
<b>Total revenues</b>	<b>73,867,583</b>	<b>73,867,583</b>	<b>73,466,840</b>	<b>(400,743)</b>
<b>Expenditures:</b>				
Current:				
General government	2,599,602	2,702,057	2,700,088	1,969
Public safety	1,701,434	1,701,434	1,670,394	31,040
Public works	3,767,184	3,769,234	3,768,070	1,164
Human services	575,191	575,191	570,248	4,943
Civic and cultural	952,870	973,520	973,006	514
Planning and development	405,749	413,749	413,300	449
Benefits and other	3,616,801	3,693,351	3,692,850	501
Police	6,922,718	6,890,668	6,692,200	198,468
Fire	2,879,512	2,995,062	2,994,313	749
Education	47,976,055	47,976,068	47,976,055	13
Debt service:	2,416,467	2,363,804	2,099,791	264,013
Contingency	260,000	19,445	-	19,445
<b>Total expenditures</b>	<b>74,073,583</b>	<b>74,073,583</b>	<b>73,550,315</b>	<b>523,268</b>
<b>Excess (deficit) of revenues over (under) expenditures</b>	<b>(206,000)</b>	<b>(206,000)</b>	<b>(83,475)</b>	<b>122,525</b>
<b>Other financing sources (uses):</b>				
Transfers in	386,000	386,000	382,816	(3,184)
Transfers out	(180,000)	(180,000)	(180,000)	-
<b>Total other financing sources (uses)</b>	<b>206,000</b>	<b>206,000</b>	<b>202,816</b>	<b>(3,184)</b>
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 119,341</b>	<b>\$ 119,341</b>

See note to required supplementary information.

## **Town of Windham, Connecticut**

### **Note to Required Supplementary Information - Unaudited**

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#### **Note 1. Budgetary Information and Compliance**

Budgetary information: The General Fund is the only fund for which an annual budget is legally adopted. The Town adheres to the following procedures in establishing the budgetary data for the General Fund.

- On or before March 1 and after input from each agency and department of the Town, except the Board of Education (BOE), the Town Manager submits to the Town Council and the Board of Finance a proposed operating budget for both the Town and the WTD respectively. These two budgets are the driving force of and are operated as "sub-funds" of the combined General Fund. In addition, a program concerning capital improvement projects for the next five fiscal years and a method of financing them for the fiscal year commencing the following July 1, is also submitted.
- On or before March 15, the Town Manager and Town Council presents to the Board of Finance (BOF) a budget prepared for the fiscal year commencing the following July 1 for the Town. The WTD budget is presented by the Town Manager to the WTD Board of Finance for approval.
- Copies of the budgets are made available to taxpayers five (5) days before the public hearings and five (5) days before the annual budget meeting. One (1) public hearing is held to obtain taxpayer comments. A Town meeting is held on the first Tuesday of May and adjourned to a referendum on the second Tuesday in May. Should the recommended budgets fail at referendum, they are returned to the BOF for adjustments. The budgets are legally enacted no later than seven (7) days after the taxpayers approve them by vote.
- Management cannot amend the budgets without approval of the BOF. Only the BOF is authorized to transfer budgeted amounts.
- The BOF must approve any additional appropriation and a Town Meeting must be held to approve any additional appropriation over \$40,000 for both budgets. During the year ended June 30, 2019, no additional appropriations from fund balance were made.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the budgetary department line item level (i.e. Finance Department, Town Council within the General Government function) for the General Fund, except for the BOE where department control is implemented.
- The budget is prepared on the modified accrual basis of accounting. "On-behalf" payments made by the State of Connecticut into the State Teachers Retirement System are not recorded for budgetary purposes. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year.
- All unexpended appropriations lapse at year-end.



**Town of Windham, Connecticut**

**Note to Required Supplementary Information - Unaudited**

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**Note 1. Budgetary Information and Compliance (Continued)**

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP basis). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2019:

	Revenues and Transfers	Expenditures and Transfers
Budgetary basis	\$ 73,849,656	\$ 73,730,315
"On-behalf" payments - state teachers retirement/Health fund	3,649,614	3,649,614
Reclassified to general fund due to GASB No. 54	28,075	55,703
Transfers eliminated due to GASB No. 54	(85,000)	(85,000)
Other	98,996	(101,049)
GAAP basis	<u>\$ 77,541,341</u>	<u>\$ 77,249,583</u>

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***Appendix B-1***

***Form of Opinion of Bond Counsel – The Bonds***

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October 1, 2020

Town of Windham  
979 Main Street  
Willimantic, CT 06226

Re: \$23,205,000 General Obligation Bonds, Issue of 2020  
Dated October 1, 2020

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of Windham, Connecticut (the "Town") in connection with the issuance by the Town of its \$23,205,000 General Obligation Bonds, Issue of 2020 dated October 1, 2020 (the "Bonds"). In such capacity, we have examined records of proceedings of the Town authorizing the Bonds, a Tax Compliance Agreement of the Town dated October 1, 2020 (the "Agreement"), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Bonds are duly certified by U.S. Bank National Association, the Bonds will be valid and legally binding general obligation bonds of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the Town and was duly authorized by the Town.

The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be excludable from gross income. In the Agreement, the Town has made covenants and representations designed to assure compliance with such requirements of the Code. The Town has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to ensure that interest on the Bonds shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds.

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

In our opinion, under existing statutes and court decisions, (i) interest on the Bonds is excludable from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of calculating the federal alternative minimum tax. Although we have rendered an opinion that interest on the Bonds is not includable in gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the Bonds. We express no opinion regarding other federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

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

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated September 22, 2020 and other offering material relating to the Bonds.

We have not undertaken to advise whether any events after the date of issuance of the Bonds, including the adoption of Federal tax legislation, may affect the tax status of the Bonds.

Respectfully,

PULLMAN & COMLEY, LLC

***Appendix B-2***

***Form of Opinion of Bond Counsel – The Notes***

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October 1, 2020

Town of Windham  
979 Main Street  
Willimantic, CT 06226

Re: \$30,940,000 General Obligation Bond Anticipation Notes,  
Dated October 1, 2020

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Town of Windham (the “Town”), in the State of Connecticut, of its \$30,940,000 General Obligation Bond Anticipation Notes (the “Notes”), dated October 1, 2020 and maturing September 30, 2021. In such capacity, we have examined a record of proceedings of the Town authorizing the Notes, a Tax Regulatory Agreement of the Town dated October 1, 2020 (the “Agreement”), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Notes are duly certified by U.S. Bank National Association, they will be valid and legally binding general obligations of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the Town and was duly authorized by the Town.

The rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Notes in order that interest on the Notes be excluded from gross income under Section 103 of the Code. In the Agreement, the Town has made covenants and representations designed to assure compliance with such requirements of the Code. The Town has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes to ensure that interest on the Notes shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Notes.

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

In our opinion, under existing statutes and court decisions, (i) interest on the Notes is excludable from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of calculating the federal alternative minimum tax. Although we have rendered an opinion that interest on the Notes is not includable in gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the Notes. We express no opinion regarding other Federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Notes.

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

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated September 22, 2020 and other offering material relating to the Notes.

We have not undertaken to advise whether any events after the date of issuance of the Notes, including the adoption of federal tax legislation, may affect the tax status of interest on the Notes.

Respectfully,

PULLMAN & COMLEY, LLC

***Appendix C-1***

***Form of Continuing Disclosure Agreement – The Bonds***

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## **CONTINUING DISCLOSURE AGREEMENT**

### **In Connection With The Issuance and Sale of \$23,205,000 General Obligation Bonds, Issue of 2020**

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of October 1, 2020, by the Town of Windham, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$23,205,000 General Obligation Bonds, Issue of 2020, dated October 1, 2020 (the “Bonds”).

**Section 1. Definitions.** In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 2 of this Agreement.

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“Final Official Statement” means the official statement of the Issuer dated September 22, 2020, prepared in connection with the issuance of the Bonds.

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

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

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

“Rule” means rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

### **Section 2. Annual Reports.**

**(a)** The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Agreement, the following annual financial information and operating data regarding the Issuer (commencing with the information and data for the fiscal year ending June 30, 2020):

**(i)** Audited financial statements of the Issuer as of and for the year ending on its Fiscal Year End prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer is required to prepare audited financial statements of its various funds and accounts.

(ii) To the extent not included in the audited financial statements described in (i) above, financial information and operating data as of and for the year ending on its Fiscal Year End of the following type:

- (A) the amounts of the gross and net taxable grand list;
- (B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;
- (C) the percentage and amount of the annual property tax levy collected and uncollected;
- (D) a schedule of the long-term debt through maturity on outstanding long-term bonded indebtedness;
- (E) a calculation of the total net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);
- (F) the total direct debt, total net direct debt and total overall net debt of the Issuer per capita;
- (G) the ratios of total direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list;
- (H) a statement of statutory debt limitations and debt margins;  
and
- (I) the funding status of the Issuer's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB's internet web site or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.

(c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

**Section 3. Timing.** The Issuer shall provide the information and data referenced in Section 2(a) not later than eight months after each Fiscal Year End for which such information is being provided. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information when available.

**Section 4. Event Notices.**

**(a)** The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event:

- (i)** principal and interest payment delinquencies;
- (ii)** unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii)** unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv)** substitution of credit or liquidity providers, or their failure to perform;
- (v)** adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;
- (vi)** tender offers;
- (vii)** bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;
- (viii)** Bond defeasances;
- (ix)** rating changes; and
- (x)** default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation\* of the Town, any of which reflect financial difficulties.

\* Note: For the purposes of the events identified in paragraph (x), the term “Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

**(b)** The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event, if material:

- (i)** non-payment related defaults;
- (ii)** modifications to rights of Bond holders;
- (iii)** Bond calls;
- (iv)** release, substitution, or sale of property securing repayment of the Bonds;

(v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms;

(vi) appointment of a successor or additional trustee, or the change in the name of the trustee; and

(vii) incurrence of a Financial Obligation\* of the Town or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation\* of the Town, any of which affect bondholders.

\* Note: For the purposes of the events identified in paragraph (vii), the term “Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

**Section 5. Notice of Failure.** The Issuer agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2(a) of this Agreement on or before the date set forth in Section 3 hereof.

**Section 6. Termination of Reporting Obligation.** The Issuer’s obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

**Section 7. Agent.** The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

**Section 8. Amendment; Waiver.** Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

**Section 9. Additional Information.** Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communications, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.



**Section 10. Enforceability.** The Issuer agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. The present address of the Issuer is Town of Windham, 979 Main Street, Willimantic, CT 06226, Attn: Town Manager. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Bonds.

**Section 11. Governing Law.** This Agreement shall be governed by the laws of the State of Connecticut.

**Section 12. Method of Filing.** To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

**IN WITNESS WHEREOF**, the Issuer has caused this Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

**TOWN OF WINDHAM**

By: \_\_\_\_\_  
Jim Rivers  
Town Manager

By: \_\_\_\_\_  
Christian Johnson  
Director of Finance

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***Appendix C-2***

***Form of Continuing Disclosure Agreement – The Notes***

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## **CONTINUING DISCLOSURE AGREEMENT**

### **In Connection With The Issuance and Sale of \$30,940,000 General Obligation Bond Anticipation Notes, dated October 1, 2020**

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of October 1, 2020, by the Town of Windham, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$30,940,000 General Obligation Bond Anticipation Notes dated October 1, 2020 (the “Notes”).

**Section 1. Definitions.** In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“Final Official Statement” means the official statement of the Issuer dated September 22, 2020, prepared in connection with the issuance of the Notes.

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

“Listed Events” shall mean any of the events listed in Section 2 of this Agreement.

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

“Rule” means rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

### **Section 2. Event Notices.**

**(a)** The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Notes, notice of the occurrence of such event:

- (i)** principal and interest payment delinquencies;
- (ii)** unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii)** unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv)** substitution of credit or liquidity providers, or their failure to perform;

(v) adverse tax opinions, the issuance by the Internal Revenue Service or proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Notes, or other events affecting the tax status of the security;

(vi) tender offers;

(vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;

(viii) Bond defeasances;

(ix) rating changes; and

(x) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation\* of the Town, any of which reflect financial difficulties.

\* Note: For the purposes of the events identified in paragraph (x), the term “Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(b) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Notes, notice of the occurrence of such event, if material:

(i) non-payment related defaults;

(ii) modifications to rights of Bond holders;

(iii) Bond calls;

(iv) release, substitution, or sale of property securing repayment of the Notes;

(v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms;

(vi) appointment of a successor or additional trustee, or the change in the name of the trustee; and

(vii) incurrence of a Financial Obligation\* of the Town or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation\* of the Town, any of which affect bondholders.

\* Note: For the purposes of the events identified in paragraph (vii), the term “Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

**Section 3. Termination of Reporting Obligation.** The Issuer's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes.

**Section 4. Agent.** The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this 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 Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Notes and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

**Section 6. Additional Information.** Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communications, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 7. Enforceability.** The Issuer agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Notes. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Notes of such failure. The present address of the Issuer is Town of Windham, 979 Main Street, Willimantic, CT 06226, Attn: Town Manager. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Notes to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Notes.

**Section 8. Governing Law.** This Agreement shall be governed by the laws of the State of Connecticut.

**Section 9. Method of Filing.** To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

**IN WITNESS WHEREOF**, the Issuer has caused this Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

**TOWN OF WINDHAM**

By: \_\_\_\_\_  
Jim Rivers  
Town Manager

By: \_\_\_\_\_  
Christian Johnson  
Director of Finance



***Appendix D***

***Specimen Municipal Bond Insurance Policy***

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## MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: \_\_\_\_\_

MEMBER: [NAME OF MEMBER]

BONDS: \$ \_\_\_\_\_ in aggregate principal  
amount of [NAME OF TRANSACTION]  
[and maturing on]

Effective Date: \_\_\_\_\_

Risk Premium: \$ \_\_\_\_\_  
Member Surplus Contribution: \$ \_\_\_\_\_  
Total Insurance Payment: \$ \_\_\_\_\_

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: \_\_\_\_\_  
Authorized Officer

**Notices (Unless Otherwise Specified by BAM)**

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

200 Liberty Street, 27th floor  
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN



**CONNECTICUT  
ENDORSEMENT TO**

**MUNICIPAL BOND  
INSURANCE POLICY**

**NO.**

Claims arising under this Policy are not covered by the Connecticut Insurance Guaranty Association (Connecticut Insurance Code, Title 38a, Chapter 704a, Part I.)

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language

IN WITNESS WHEREOF, BUILDAMERICA MUTUAL ASSURANCE COMPANY has caused this endorsement to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: \_\_\_\_\_  
Authorized Officer