

**FINAL OFFICIAL STATEMENT DATED SEPTEMBER 15, 2021**

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

**Ratings: S&P Global Ratings: "AA-" / "SP-1+"**

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

**\$12,125,000**

**General Obligation Bonds, Issue of 2021**

**Dated: Date of Delivery**

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

Interest on the Town of Windham's General Obligation Bonds, Issue of 2021 (the "Bonds") will be payable semiannually on March 15 and September 15 in each year until maturity, commencing March 15, 2022. The Bonds 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 will not receive certificates representing their ownership interest in the Bonds. Principal of, redemption premium, if any, and interest payments on, the Bonds will be made by the Town of Windham, Connecticut (the "Town") to The Depository Trust Company, New York, New York ("DTC"), or its nominee as registered owner of the Bonds. 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 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. (See "Book-Entry-Only Transfer System" herein.)

The Bonds are subject to redemption prior to maturity as more fully described under "Redemption Provisions" herein.

**BOFA SECURITIES, INC.**

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**\$19,000,000**

**General Obligation Bond Anticipation Notes**

**Dated: September 30, 2021**

**Due: September 29, 2022**

The Town's General Obligation Bond Anticipation Notes, dated September 30, 2021 (the "Notes") will be issued in book-entry-only form and will be registered in the name of Cede & Co., as noteowner and nominee for DTC, New York, New York. (See "Book-Entry-Only Transfer System" herein.) The Notes are not subject to redemption prior to maturity.

The Notes are NOT subject to redemption.

**JEFFERIES**

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The Bonds and 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 Bonds and Notes when due. (See "Security and Remedies" herein.)

The Registrar, Transfer Agent, Certifying Agent, and Paying Agent will be U.S. Bank National Association, CityPlace I, 185 Asylum Street, 27<sup>th</sup> Floor, Hartford, Connecticut 06103.

The Bonds and Notes are offered for delivery when, as and if issued, subject to the approving opinions of Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut and certain other conditions. It is expected that delivery of the Bonds and Notes in book-entry-only form will be made to DTC on or about September 30, 2021.

**Town of Windham, Connecticut**  
**\$12,125,000**  
**General Obligation Bonds, Issue of 2021**

**Dated: Date of Delivery**

**Due: September 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>
2024	\$ 580,000	4.000%	0.250%	973279UJ9	2035*	\$ 575,000	2.000%	1.850%	973279UV2
2025	580,000	4.000%	0.350%	973279UK6	2036*	575,000	2.000%	1.930%	973279UW0
2026	580,000	4.000%	0.500%	973279UL4	2037*	575,000	2.000%	1.980%	973279UX8
2027	580,000	4.000%	0.650%	973279UM2	2038	575,000	2.000%	2.030%	973279UY6
2028	580,000	4.000%	0.800%	973279UN0	2039	575,000	2.000%	2.080%	973279UZ3
2029	580,000	4.000%	0.920%	973279UP5	2040	575,000	2.000%	2.130%	973279VA7
2030	580,000	4.000%	1.000%	973279UQ3	2041	575,000	2.000%	2.170%	973279VB5
2031*	580,000	4.000%	1.150%	973279UR1	2042	575,000	2.125%	2.210%	973279VC3
2032*	580,000	3.000%	1.290%	973279US9	2043	575,000	2.125%	2.260%	973279VD1
2033*	580,000	3.000%	1.390%	973279UT7	2044	575,000	2.125%	2.294%	973279VE9
2034*	575,000	2.000%	1.760%	973279UU4					

\* Priced assuming redemption on September 15, 2030; however, any such redemption is at the option of the Town.

**BOFA SECURITIES, INC.**

**\$19,000,000**  
**General Obligation Bond Anticipation Notes**

**Dated: September 30, 2021**

**Rate: 1.00%**

**Due: September 29, 2022**

**Yield: 0.10%**

**CUSIP:<sup>1</sup> 973279VF6**

**JEFFERIES**

<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.

This Official Statement may include “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Without limiting the foregoing, the words “may,” “believe,” “could,” “might,” “possible,” “potential,” “project,” “will,” “should,” “expect,” “intend,” “plan,” “predict,” “anticipate,” “estimate,” “approximate,” “contemplate,” “continue,” “target,” “goal” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. All forward-looking statements included in this Official Statement are based on information available to the Town up to the date as of which such statements are to be made, or otherwise up to, and including, the date of this document, and the Town assumes no obligation to update any such forward-looking statements to reflect events or circumstances that arise after the date hereof or after the date of any report containing such forward-looking statement, as applicable. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain important factors, including, but not limited to (i) the effect of and from, future municipal, state and federal budgetary matters, including state and federal grants and other forms of financial aid to the Town; (ii) federal tax policy, including the deductibility of state and local taxes for federal tax purposes; (iii) macroeconomic economic and business developments, both for the country as a whole and particularly affecting the Town; (iv) financial services industry developments; (v) litigation or arbitration; (vi) climate and weather related developments, natural disasters and other acts of God; (vii) factors used in estimating future obligations of the Town; (viii) the effects of epidemics and pandemics, including economic effects; and (ix) other factors contained in this Official Statement.

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## **Bond Issue Summary**

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

<b>Date of Sale:</b>	Wednesday, September 15, 2021 at 11:30 A.M. (E.T.).
<b>Location of Sale:</b>	Office of Pullman & Comley, LLC, 90 State House Square, 14th Floor, Hartford, Connecticut 06103.
<b>Issuer:</b>	Town of Windham, Connecticut (the "Town").
<b>Issue:</b>	\$12,125,000 General Obligation Bonds, Issue of 2021 (the "Bonds").
<b>Dated Date:</b>	September 30, 2021.
<b>Principal and Interest Due:</b>	Principal due serially September 15, 2024 through September 15, 2044. Interest due March 15 and September 15 in each year until maturity, commencing March 15, 2022.
<b>Purpose:</b>	The Bond proceeds will be used to fund various capital improvement projects.
<b>Redemption:</b>	The Bonds are subject to optional redemption prior to maturity.
<b>Security:</b>	The Bonds will be general obligations of the Town of Windham, Connecticut, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due. See "Security and Remedies" herein.
<b>Credit Ratings:</b>	The Bonds have received ratings of "AA-" from S&P Global Ratings.
<b>Bond Insurance:</b>	The Town does not expect to direct purchase a credit enhancement facility.
<b>Tax Matters:</b>	See "Tax Matters" herein.
<b>Bank Qualification:</b>	The Bonds shall <u>NOT</u> be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Bonds.
<b>Continuing Disclosure:</b>	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, annual financial information and operating data and notices of material events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C-1 to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent, and Paying Agent:</b>	U.S. Bank National Association, CityPlace I, 185 Asylum Street, 27 <sup>th</sup> Floor, Hartford, Connecticut 06103.
<b>Municipal Advisor:</b>	Phoenix Advisors, LLC, of Milford, Connecticut will act as Municipal Advisor. Telephone: (203) 878-4945.
<b>Legal Opinion:</b>	Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut will act as Bond Counsel.
<b>Delivery and Payment:</b>	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about September 30, 2021. Delivery of the Bonds will be made against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning the Official Statement should be addressed to Christian Johnson, Chief Financial Officer, 979 Main Street, Windham, Connecticut 06226. Telephone (860) 465-3165.

## **Note Issue Summary**

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

<b>Date of Sale:</b>	Wednesday, September 15, 2021 at 11:00 A.M. (E.T.).
<b>Location of Sale:</b>	Office of Pullman & Comley, LLC, 90 State House Square, 14th Floor, Hartford, Connecticut 06103.
<b>Issuer:</b>	Town of Windham, Connecticut (the "Town").
<b>Issue:</b>	\$19,000,000 General Obligation Bond Anticipation Notes (the "Notes").
<b>Dated Date:</b>	September 30, 2021.
<b>Principal and Interest Due:</b>	September 29, 2022.
<b>Purpose:</b>	The Note proceeds will be used to finance capital improvement projects.
<b>Redemption:</b>	The Notes are NOT subject to redemption prior to maturity.
<b>Security:</b>	The Notes will be general obligations of the Town of Windham, Connecticut, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.
<b>Credit Rating:</b>	The Notes have received ratings of "SP-1+" from S&P Global Ratings.
<b>Bond Insurance:</b>	The Town does not expect to direct purchase a credit enhancement facility.
<b>Tax Matters:</b>	See "Tax Matters" herein.
<b>Bank Qualification:</b>	The Notes shall <u>NOT</u> be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Notes.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, notices of material events with respect to the Notes pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C-2 to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent, and Paying Agent:</b>	U.S. Bank National Association, CityPlace I, 185 Asylum Street, 27 <sup>th</sup> Floor, Hartford, Connecticut 06103.
<b>Municipal Advisor:</b>	Phoenix Advisors, LLC, of Milford, Connecticut will act as Municipal Advisor. Telephone: (203) 878-4945.
<b>Legal Opinion:</b>	Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut will act as Bond Counsel.
<b>Delivery and Payment:</b>	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about September 30, 2021. Delivery of the Notes will be made against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning the Official Statement should be addressed to Christian Johnson, Chief Financial Officer, 979 Main Street, Windham, Connecticut 06226. Telephone (860) 465-3165.



## ***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 \$12,125,000 General Obligation Bonds, Issue of 2021 (the “Bonds”) and \$19,000,000 General Obligation Bond Anticipation Notes (the “Notes”) of the Town.

This Official Statement is not to be construed as a contract or agreement between the 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.

The Bonds and Notes are being offered for sale through public bidding. Notices of Sale dated September 8, 2021 have been furnished to prospective bidders and is included herein as Appendix D-1 for the Bonds and Appendix D -2 for the Notes. Reference is made to the Notices of Sale for the terms and conditions of the bidding.

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***

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

The outbreak of COVID-19 was 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 as a result of the COVID-19 outbreak. The outbreak of the virus has affected travel, commerce and financial markets globally. There can be no assurances that the continuing prevalence of COVID-19 will not materially affect local, state, national, and global activity; increase public health emergency response costs; and materially adversely impact the financial condition of the Town.

### ***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”) and took and continues to take steps designed to mitigate the spread and impacts of COVID-19. Public-schools began to operate remotely immediately following the outbreak and continued remotely through the 2019/2020 school year. For the 2020/2021 school year, schools were permitted to reopen and school districts were given the discretion to choose in-person learning, virtual learning or a hybrid model. For the 2021/2022 year, the Town’s public schools have returned to full time, in-person learning.

Connecticut’s COVID-19 vaccination plan commenced on December 14, 2020. The State is currently making vaccinations available to all individuals aged 12 and over, and reports that it is preparing to make booster shots available in accordance with CDC guidelines.

The Governor regularly reviews conditions and, accordingly, expands or reduces restrictions. In response to the Spring 2021 decline in the number of positive COVID-19 cases and hospitalizations, effective May 19, 2021, all capacity restrictions related to establishments and social/recreational gatherings were eliminated. Given the increase in positive COVID-19 cases since July 2021, face-covering requirements remain in effect at this time for unvaccinated individuals. Businesses and state and local government offices have the option to require masks be worn by everyone in their establishments. Effective August 5, 2021, municipal leaders have the option of requiring that masks be worn by everyone, regardless of vaccination status, in indoor public places within their respective towns and cities. Although the Town does not have such a mandate in place, all individuals entering Town buildings must wear face coverings regardless of vaccination status.

The potential long-term impact of the COVID-19 pandemic on the Town cannot be predicted at this time. The continued efforts to mitigate the spread of the outbreak and any prolonged effects on the national, State and local economy could have a materially adverse effect on the Town’s finances.

### ***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 created two short-term tax relief programs and required 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 and benefit assessments by three months for taxpayers based on a showing of need, while the other program reduces the interest chargeable on overdue tax and assessment payments for all taxpayers in the municipality for three months.

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 adopted the “Deferment Program” for eligible taxpayers and landlords. The “Deferment Program” delayed by three months payments due on any unescrowed taxes on real estate, motor vehicles, and personal property as well as unescrowed municipal utility charges (the “Taxes and Charges”) if taxpayers, businesses, nonprofits and residents demonstrate significant economic impact caused by COVID-19 and/or demonstrate that they are assisting people who are experiencing significant economic impact caused by COVID-19.

On December 16, 2020, the Governor issued Executive Order 9R (“Order 9R”), which applied the two tax relief programs to tax deadlines for Taxes and Charges that became due and payable on January 1, 2021. As of December 30, 2020, the Town was deemed to have adopted the Deferment Program. The Deferment Program deferred any Taxes and Charges that were due on January 1, 2021 through and to April 1, 2021 without penalty.

For Fiscal Year 2021, the Town did not experience a material negative financial impact as a result of the Deferment Program. As of June 30, 2021, the Town had collected approximately 97.3% of Fiscal Year 2021 budgeted taxes, with 99.0% having been collected at the same time last year for Fiscal Year 2020 and 98.3% having been collected at the same time in Fiscal Year 2019.

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

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

On June 4, 2020, Governor Lamont established the Connecticut Municipal Coronavirus Relief Fund Program (the "Program") which established a process by which Connecticut municipalities can receive funds from the State to offset non-budgeted COVID-19 related expenditures that were incurred between March 1, 2020 and December 30, 2020. In Fiscal Year 2020, the Town received \$0 in reimbursement from the Program and FEMA for pandemic-related costs. The Town received \$628,334 in reimbursement from the two programs in Fiscal Year 2021.

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

On March 11, 2021, President Biden signed into law the \$1.9 trillion American Rescue Plan Act of 2021 (the "Rescue Plan"). The Rescue Plan relief package includes, amongst other provisions, \$350 billion in state and local government aid. Of the \$350 billion, the State and its local governments are expected to receive approximately \$4.2 billion as a result of this legislation, with \$2.6 billion in State relief and another \$1.6 billion in relief for local governments.

The Rescue Plan relief package also includes approximately \$123 billion to allow for a return to full-time, in-person teaching at elementary and high schools, which funds could be used for numerous purposes, including but not limited to expanding testing, modifying classrooms, improving ventilation, and hiring more custodial staff. The State's K-12 schools are expected to receive approximately \$1.1 billion.

The Rescue Plan relief package includes another \$160 billion dedicated to COVID-19 vaccination development and distribution.

Over the next two years, the Town expects to receive \$7.27 million in federal funding as a result of the Rescue Plan. The Town received its first installment of \$3.6 million in funding from this program.

### ***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 March 15, 2022 and semiannually thereafter on March 15 and September 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 February and August 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, CityPlace I, 185 Asylum Street, 27<sup>th</sup> Floor, Hartford, Connecticut 06103.

### **Redemption Provisions**

The Bonds maturing on or before September 15, 2030 are not subject to redemption prior to maturity. The Bonds maturing on September 15, 2031 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after September 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:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
September 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.

### **Description of the Notes**

The Notes will be dated September 30, 2021 and will be due and payable as to both principal and interest at maturity, September 29, 2022. 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 Board of Finance and all resolutions were approved at Town Meetings or referenda of the Town except for those resolutions that were approved during the COVID-19 pandemic in accordance with Governor Lamont’s Executive Orders, including the resolution related to the Intramodal Transportation Center / Parking Garage Project and the Jillson Thru Street & Parking Project.

**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.

<b>Project</b>	<b>Aggregate Amount Authorized</b>	<b>Premium Applied</b>	<b>This Issue:</b>	
			<b>The Bonds</b>	<b>The Notes Due: 9/29/22</b>
Intramodal Transportation Center /				
Parking Garage 1 .....	\$ 12,800,000	\$ 221,400	\$ 5,478,600	\$ -
Senior/Community Center .....	15,593,635	204,000	5,046,000	-
Windham High School Renovation .....	112,332,777	-	-	16,024,400
Road & Sidewalks Phase IV .....	2,400,000	35,000	865,000	-
DPW Improvements .....	400,000	4,600	115,400	-
2020 BOE Capital Projects .....	4,554,500	-	-	2,000,000
2020 Town Capital Projects .....	668,300	25,000	620,000	-
Jillson Thru Street & Parking .....	975,600	-	-	975,600
<b>Total .....</b>	<b>\$ 149,724,812</b>	<b>\$ 490,000</b>	<b>\$ 12,125,000</b>	<b>\$ 19,000,000</b>

**Sources and Uses**

	<b>The Bonds</b>	<b>The Notes</b>
<b>Sources:</b>		
Par Amount .....	\$ 12,125,000.00	\$ 19,000,000.00
Net Original Issue Premium .....	1,020,273.45	170,240.00
Contributions from the Town .....	-	2,474,300.00
<b>Total Sources .....</b>	<b>\$ 13,145,273.45</b>	<b>\$ 21,644,540.00</b>
<b>Uses:</b>		
Deposit to Capitalized Interest Fund .....	\$ 334,512.24	\$ -
Deposit to Project Construction Fund .....	120,000.00	3,029,300.00
Note Repayment .....	12,495,000.00	18,445,000.00
Deposit to Debt Service Fund .....	4,118.71	139,920.00
Costs of Issuance .....	75,000.00	25,000.00
Underwriters’ Discount .....	116,642.50	5,320.00
<b>Total Uses .....</b>	<b>\$ 13,145,273.45</b>	<b>\$ 21,644,540.00</b>

**Climate Change**

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

## **Cybersecurity**

The Town, like many other public and private entities, relies on technology to conduct its operations. The Town and its departments face cyber threats from time to time, including but not limited to hacking, viruses, malware, phishing, and other attacks on computers and other sensitive digital networks and systems. To reduce the risk of a successful cyber security threat the Town has invested in IT security firewalls, anti-virus software, anti-malware software, and ransomware protection software. All Town computers and computer servers are protected by this security software and firewalls. These security protection systems are evaluated annually for upgrades or replacements.

To mitigate the risk of business operations impact and/or damage from cyber security incidents or cyber-attacks, the Town has invested in disaster recovery systems and a continuity of IT operations plan which leverages regular daily system backups. In the event of a cyber security incident recovery from an earlier state for any enterprise application system is possible. The Town currently has a cybersecurity insurance policy. No assurances can be given, however, that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage the Town's digital networks and systems and the costs of remedying any such damage could be substantial.

## **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 form included in Appendix C-1 to this Official Statement, 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. 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 winning bidders’ 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, February 29, 2020, and February 28, 2021 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, February 29, 2020, and February 28, 2021, respectively. On July 28, 2016, July 27, 2017, June 4, 2018, July 27, 2020 and June 24, 2021, the Town filed with EMMA the annual financial information required for fiscal years ending June 30, 2015, June 30, 2016, June 30, 2017, June 30, 2019, and June 30, 2020, 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.

## ***Ratings***

The Bonds have been rated “AA-” and the Notes have been rated “SP-1+” by S&P Global Ratings. 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 excluded 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 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.

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.

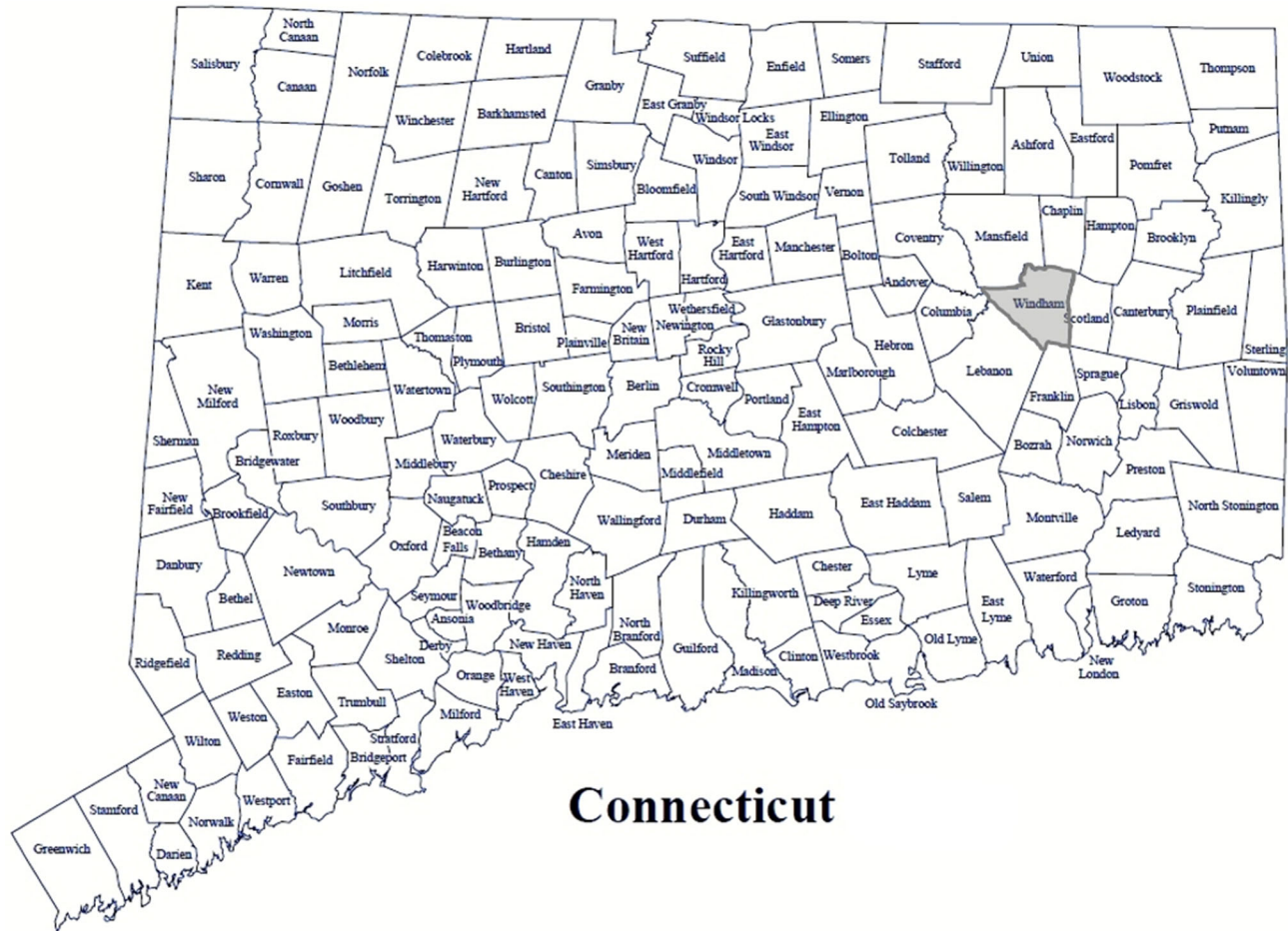
### ***Legal Opinion***

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, CityPlace I, 185 Asylum Street, 27<sup>th</sup> Floor, Hartford, Connecticut 06103.

## II. The Issuer



## Connecticut

### **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 WILI, 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>Office</b>	<b>Name</b>	<b>Manner of Selection</b>	<b>Date of Hire / Election / Appointment</b>
Town Manager.....	Jim Rivers	Appointed/Indefinite	06/17
Town Council, Mayor.....	Thomas DeVivo	Elected/4 years	11/20
Town Clerk/Treasurer.....	Patricia Spruance	Appointed/Indefinite	10/07
Director of Finance.....	Christian Johnson	Appointed/Indefinite	09/13
Town Controller.....	Thin Nguyen	Appointed/Indefinite	03/21
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 2021-22 is \$93.15 per ton for municipal solid waste disposal. The Town’s current hauler, Willimantic Waste Paper Company was purchased in July 2021 by Casella Waste Systems, Inc.

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. This loan was refunded with general obligation bonds in October 2020. 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

<i>School</i>	<i>Date of Construction (Latest Additions)</i>	<i>Type of Construction</i>	<i>Planned Major Improvements</i>
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	None
Water Pollution Control Facility.....	1958 (1972, 2012)	Brick & Block	2021
Intramodal Transportation Center.....	2021	Concrete	2021
Senior/Community Center.....	2021	Block & Steel	2021

### **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, 2020 was 3,230 with a rated capacity of 5,600.

### **School Enrollment**

<i>School Year</i>	<i>Grades Pre-K - 4</i>	<i>Grades 5 - 6</i>	<i>Grades 9 - 12</i>	<i>Non-Graded</i>	<i>Total</i>
<b>Historical</b>					
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
2020–21	1,476	1,131	623	-	3,230
<b>Projected</b>					
2021–22	1,441	1,037	662	-	3,140

*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 10/1/2020</b>	<b>Operating Capacity</b>
North Windham Elementary.....	Pre-K-5	1959 (1987)	24	431	450
Windham Center Elementary.....	K-5	1953 (1968)	15	229	500
Sweeney Elementary.....	K-5	1959 (1964)	19	247	600
Natchaug Elementary.....	K-5	1912 (1972)	17	296	550
Barrows STEM Academy.....	Pre-K-8	2012	42	543	600
Windham Middle.....	6-8	1996	89	678	1,100
Windham High.....	9-12	1970	68	623	1,800
Windham High <sup>1</sup> / Middle.....	Pre-K	1970, 1996	18	176	-
<b>Total.....</b>			<b>292</b>	<b>3,223</b>	<b>5,600</b>

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

**Employee Relations and Collective Bargaining**

**Municipal Employees**

	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>
General Government ....	187	175	178	182	182
Board of Education .....	745	748	748	712	720
<b>Total .....</b>	<b>932</b>	<b>923</b>	<b>926</b>	<b>894</b>	<b>902</b>

**Employee Relations**

<b>Employees</b>	<b>Bargaining Unit</b>	<b>Number of Members</b>	<b>Contract Expiration Date</b>
<b>General Government</b>			
Fire.....	International Association of Firefighters, AFL-CIO, Local 1033	29	6/30/2022
Police.....	United Public Service Employees Union, Cops Unit #340	42	6/30/2021 <sup>1</sup>
Public Works.....	Local 493 International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America	23	6/30/2021 <sup>1</sup>
Water Department.....	Local 760 C.S.E.A., Service Employees, AFL-CIO	11	6/30/2024
Supervisory & Professional..	Municipal Employees Union Independent, Local 506, SEIU	20	6/30/2024
Municipal Employees.....	American Federation of State, County, Municipal Employees, AFL-CIO, Local 1303-116 of Council #4	43	6/30/2021 <sup>1</sup>
Sewer Department.....	Local 493 International Brotherhood of Teamster	7	6/30/2024
	<b>Total Organized .....</b>	<b>175</b>	
	Non-Union .....	12	
	<b>Total.....</b>	<b>187</b>	
<b>Board of Education</b>			
Administrators.....	Windham Association of Administrators	23	6/30/2024
Teachers.....	Windham Association of Teachers, AFL-CIO, Local 1577	327	8/31/2022
Clerical.....	Windham Association of Educational Secretaries, C.S.E.A. Inc.	35	6/30/2020 <sup>1</sup>
Nurses.....	Windham Association of School Nurses	8	6/30/2021 <sup>1</sup>
Custodians.....	General Teamsters, Local 493	34	6/30/2019 <sup>1</sup>
Cafeteria.....	Windham Cafeteria Employees Association, C.S.E.A. Inc.	32	6/30/2023
Educational Personnel.....	CFT/AFL-CIO Educational Personnel	107	6/30/2021 <sup>1</sup>
Maintenance Workers.....	CFT/AFL-CIO Maintenance Workers	4	6/30/2023
Crossing Guards.....	ADSCME	7	6/30/2022
	<b>Total Organized .....</b>	<b>577</b>	
	Non-Union .....	168	
	<b>Total.....</b>	<b>745</b>	

<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, Flouropolymer 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 also underwent renovations.

In June of 2021, Hartford Healthcare Corp. (HHC), purchased 38,000 s.f. former Immaculata Retreat House on Windham Road. HHC will be expanding its footprint in town and renovating the site into a long-term rehabilitation facility that will employ an additional 60 to 70 healthcare workers, bringing HHC's total workforce to almost 700 employees in Windham.

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.

In July of 2021, Vermont-based Casella Waste Systems, Inc., a solid waste, recycling and resource management company acquired Willimantic Waste Paper Co., Inc. The company expects to generate approximately \$62 million of annualized revenues from the acquisition and to retain the current workforce of 170 employees.

In April of 2021, Chicago-based Inland Real Estate Group purchased the Stop and Shop property in Willimantic for \$27.9 million. Stop & Shop, a division of Ahold Delhaize USA Inc., is the third largest supermarket operator in the U.S. Upon purchase, Stop and Shop and Inland entered into a long-term lease for the property.

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 Intramodal 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 will be sold to ECSU in 2022. 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 95% of the estimated \$112 million 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	
2019 <sup>3</sup>	24,655	-2.4%	883.7
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 2015-2019.

## Age Distribution of the Population

Age	Town of Windham		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years .....	1,150	4.7%	183,808	5.1%
5 to 9 years .....	1,650	6.7	198,000	5.5%
10 to 14 years .....	1,244	5.0	221,325	6.2%
15 to 19 years .....	2,879	11.7	244,249	6.8%
20 to 24 years .....	3,497	14.2	244,597	6.8%
25 to 34 years .....	3,526	14.3	441,742	12.4%
35 to 44 years .....	2,736	11.1	424,739	11.9%
45 to 54 years .....	2,273	9.2	508,428	14.2%
55 to 59 years .....	1,256	5.1	264,804	7.4%
60 to 64 years .....	1,362	5.5	242,329	6.8%
65 to 74 years .....	1,735	7.0	336,422	9.4%
75 to 84 years .....	816	3.3	174,887	4.9%
85 years and over .....	531	2.2	89,744	2.5%
<b>Total.....</b>	<b>24,655</b>	<b>100%</b>	<b>3,575,074</b>	<b>100%</b>
Median Age (Years) 2019.....	30.8		41.0	
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 2015-2019.

## Income Levels

	Town of Windham	State of Connecticut
Per Capita Income, 2019.....	\$ 21,061	\$ 44,496
Median Family Income, 2019.....	\$ 48,527	\$ 100,418
Median Household Income, 2019.....	\$ 47,481	\$ 78,444

Source: American Community Survey 2015-2019.

### 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.....	300	6.2%	24,799	2.8%
10,000 - 14,999.....	184	3.8	16,037	1.8%
15,000 - 24,999.....	557	11.4	38,364	4.3%
25,000 - 34,999.....	614	12.6	48,110	5.4%
35,000 - 49,999.....	883	18.1	77,010	8.6%
50,000 - 74,999.....	873	17.9	123,980	13.9%
75,000 - 99,999.....	443	9.1	116,676	13.1%
100,000 - 149,999.....	702	14.4	186,246	20.8%
150,000 - 199,999.....	204	4.2	109,258	12.2%
200,000 and over.....	118	2.4	152,958	17.1%
<b>Total.....</b>	<b>4,878</b>	<b>100.0%</b>	<b>893,438</b>	<b>100.0%</b>

Source: American Community Survey 2015-2019.

### 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.....	1,104	9.0%	99,837	4.0%
9th to 12th grade.....	1,574	10.9	132,826	5.3
High School graduate.....	4,935	36.1	666,828	26.9
Some college, no degree.....	3,043	19.4	416,175	16.8
Associate's degree .....	926	6.1	191,964	7.7
Bachelor's degree.....	1,495	10.1	541,380	21.8
Graduate or professional degree.....	1,158	8.4	434,085	17.5
<b>Total.....</b>	<b>14,235</b>	<b>100.0%</b>	<b>2,483,095</b>	<b>100.0%</b>
Total high school graduate or higher (%). ....		81.2%		90.6%
Total bachelor's degree or higher (%). ....		18.6%		39.3%

Source: American Community Survey 2015-2019.

### Major Employers As of August 2021

<b>Employer</b>	<b>Type of Business</b>	<b>Approximate Number of Employees</b>
Town of Windham.....	Municipality	500-599
Windham Hospital.....	Health care	250-499
Eastern Connecticut State University.....	Education	500-999
Hampton Products.....	Cargo Stabilizing Devices	250-499
United Services.....	Mental Health Services	100-249
Super Stop & Shop.....	Grocery store	100-249
Willimantic Waste Paper Co., Inc.....	Recycling collection	250-499
Wal-Mart Supercenter.....	Department store	250-499
General Cable Industries.....	Communication cable	250-499
United Abrasives, Inc.....	Manufacturing	250-499

**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.....	244	2.1%	7,057	0.4%
Construction.....	453	4.0	109,467	6.0
Manufacturing.....	1,110	9.7	189,162	10.4
Wholesale trade.....	99	0.9	44,344	2.4
Retail trade.....	1,581	13.8	191,756	10.6
Transportation warehousing, and utilities.....	348	3.0	76,439	4.2
Information.....	240	2.1	39,585	2.2
Finance, insurance, real estate, and leasing....	389	3.4	162,153	8.9
Professional, scientific, management, administrative, and waste management.....	561	4.9	208,379	11.5
Education, health and social services.....	3,819	33.3	484,166	26.7
Arts, entertainment, recreation, accommodation and food services.....	1,641	14.3	152,041	8.4
Other services (except public admin.).....	540	4.7	84,915	4.7
Public Administration.....	437	3.8	66,172	3.6
<b>Total Labor Force, Employed.....</b>	<b>11,462</b>	<b>100.0%</b>	<b>1,815,636</b>	<b>100.0%</b>

Source: American Community Survey 2015-2019.

**Percentage Unemployed**

<b>Period</b>	<b>Percentage Unemployed</b>				
	<b>Town of Windham</b>		<b>Town of</b>	<b>Danielson-</b>	<b>State of</b>
	<b>Employed</b>	<b>Unemployed</b>	<b>Windham</b>	<b>Northeast</b>	<b>Connecticut</b>
June 2021 .....	10,602	1,147	9.8	6.3	7.0
<b>Annual Average</b>					
2020.....	11,464	1,027	8.2	6.9	7.3
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

Source: State of Connecticut, Department of Labor.

### Commute to Work

	Town of Windham		State of Connecticut	
	Number	Percent	Number	Percent
Drove alone .....	8,129	77.7%	1,397,871	78.2%
Car pools .....	909	8.7	141,799	7.9
Used public transportation .....	159	1.5	83,525	4.7
Walked .....	776	7.4	48,323	2.7
Used other means .....	120	1.1	21,108	1.2
Worked at home .....	373	3.6	93,966	5.3
<b>Total .....</b>	<b>10,466</b>	<b>100.0%</b>	<b>1,786,592</b>	<b>100.0%</b>
Mean travel to work (minutes)	21.2		26.6	

Source: American Community Survey 2015-2019.

### Housing Inventory

Housing Units	Town of Windham		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached.....	4,037	42.7%	893,531	58.9%
1-unit, attached.....	383	4.1	81,832	5.4
2 units .....	1,474	15.6	124,082	8.2
3 or 4 units .....	1,449	15.3	130,863	8.6
5 to 9 units .....	1,113	11.8	82,695	5.5
10 to 19 units .....	215	2.3	57,281	3.8
20 or more units .....	482	5.1	134,093	8.8
Mobile home.....	294	3.1	11,826	0.8
Boat, RV, van, etc.....	-	-	426	0.0
<b>Total Inventory.....</b>	<b>9,447</b>	<b>100.0%</b>	<b>1,516,629</b>	<b>100.0%</b>

Source: American Community Survey 2015-2019.

### Age Characteristics of Housing

Year Built	Town of Windham		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	3,198	33.9%	334,845	22.1%
1940 to 1969.....	3,018	31.9	532,280	35.1
1970 to 1979.....	1,259	13.3	203,700	13.4
1980 to 1989.....	863	9.1	188,655	12.4
1990 to 1999.....	702	7.4	116,028	7.7
2000 or 2009.....	283	3.0	103,075	6.8
2010 or later.....	124	1.3	38,046	2.5
<b>Total Housing Units .....</b>	<b>9,447</b>	<b>100.0%</b>	<b>1,516,629</b>	<b>100.0%</b>

Source: American Community Survey 2015-2019.



### 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.....	115	2.9%	17,522	1.9%
\$50,000 to \$99,000.....	361	9.0	28,440	3.1
\$100,000 to \$149,999.....	1,213	30.1	78,467	8.7
\$150,000 to \$199,000.....	1,362	33.8	137,944	15.2
\$200,000 to \$299,999.....	895	22.2	248,431	27.4
\$300,000 to \$499,999.....	69	1.7	244,855	27.0
\$500,000 to \$999,999.....	11	0.3	107,504	11.9
\$1,000,000 or more.....	-	-	42,518	4.7
<b>Total.....</b>	<b>4,026</b>	<b>100.0%</b>	<b>905,681</b>	<b>100.0%</b>
<b>Median Value.....</b>	<b>\$159,700</b>		<b>\$275,400</b>	

Source: American Community Survey 2015-2019.

### 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 4-661 of the General Statutes, as amended ("Section 4-661"), 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 2020 assessment year (the fiscal year ending June 30, 2022) is 45.00 for the Willimantic Taxing District and 39.41 for the Windham First Taxing 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 lienied 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” herein).

### **Comparative Assessed Valuations** (in thousands)

<b>Grand List of 10/1</b>	<b>Commercial</b>			<b>Personal Property (%)</b>	<b>Motor Vehicle (%)</b>	<b>Gross Taxable Grand List</b>	<b>Less Exemption</b>	<b>Net Taxable Grand List</b>	<b>Percent Change</b>
	<b>Residential Real Property (%)</b>	<b>&amp; Industrial Real Property (%)</b>	<b>Other Real Property (%)</b>						
2020	48.7	26.6	1.9	11.3	11.5	\$ 1,023,257	\$ 51,711	\$ 971,546	1.06%
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%

<sup>1</sup> Revaluation.

### Ten Largest Taxpayers

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List <sup>1</sup>
Connecticut Light & Power.....	Utility	\$ 27,790,040	2.86%
Vesta Windham LLC.....	Apartments	19,468,590	2.00%
Yankee Gas.....	Utility	11,031,750	1.14%
MHC Stonegate Manor LLC.....	Real Estate	9,450,320	0.97%
Colonial BT LLC.....	Apartments	9,115,790	0.94%
Willimantic Station LLC.....	Real Estate	8,380,150	0.86%
Walmart Real Estate Business Trust.....	Commercial	7,942,370	0.82%
United Abrasives Inc.....	Manufacturing	7,398,470	0.76%
General Cable Industries Inc.....	Manufacturing	6,766,040	0.70%
Caleb Village Heights.....	Apartments	6,661,780	0.69%
<b>Total.....</b>		<b>\$ 114,005,300</b>	<b>11.73%</b>

<sup>1</sup> Based on October 1, 2020 Net Taxable Grand List of \$971,546,000.

Source: Tax Assessor, Town of Windham

### Property Tax Levies and Collections

Fiscal Year Ending 6/30	Grand List of 10/1	Net Taxable Grand List (000s)	Mill Rate	WSD Mill Rate	Adjusted Annual Levy (000s)	Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 6/30/2021
2022 <sup>1</sup>	2020	\$ 971,546	37.21	50.09	N/A	<i>IN COLLECTION</i>		
2021 <sup>1</sup>	2019	961,317	36.80	49.98	\$ 42,280	97.3%	2.7%	2.70%
2020	2018 <sup>2</sup>	950,432	36.44	49.17	41,629	99.0%	1.0%	0.67%
2019	2017	893,209	37.50	49.60	40,152	98.3%	1.7%	0.52%
2018	2016	887,905	36.67	47.63	38,469	98.6%	1.4%	0.45%
2017	2015	881,700	35.00	46.00	35,991	97.7%	2.3%	0.30%
2016	2014	877,918	34.35	44.00	35,574	98.8%	1.2%	0.10%
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%

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

<sup>2</sup> Revaluation.

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

### Property Tax Receivables

Fiscal Year Ending 6/30	Town of Windham and Willimantic Service District			
	Town of Windham		Willimantic Service District	
	Current Year	Total	Current Year	Total
2021 <sup>1</sup>	\$ 340,148	\$ 430,775	\$ 800,889	\$ 1,409,813
2020	375,125	425,720	882,401	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

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

**V. Debt Summary**  
**Principal Amount Of Bonded Indebtedness <sup>1</sup>**  
**Long-Term Debt**  
**As of September 30, 2021**

<b>Long-Term Debt <sup>1</sup></b>			<b>Amount of</b>	<b>Outstanding</b>	
<b>Dated</b>	<b>Purpose</b>	<b>Rate %</b>	<b>Original Issue</b>	<b>After This Issue</b>	<b>Final Maturity</b>
11/08/06	Qualified Zone Academy Bonds.....	-	\$ 500,000	\$ 62,500	2022
10/21/10	School, Series B.....	2.00-4.00	5,260,000	325,000	2022
04/01/14	General Purpose.....	2.00-4.00	6,160,900	3,361,300	2033
04/01/14	School.....	2.00-4.00	1,660,000	990,000	2033
04/01/14	Water.....	2.00-4.00	684,100	233,700	2033
10/29/19	General Purpose, Series A.....	3.00-4.00	12,592,300	10,727,800	2046
10/29/19	School, Series A.....	3.00-4.00	3,702,700	5,112,200	2046
10/29/19	General Purpose, Series B.....	3.37-4.00	137,000	129,780	2040
10/29/19	School, Series B.....	3.37-4.00	2,138,000	2,025,220	2040
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>Total Outstanding.....</b>			<b>\$ 56,040,000</b>	<b>\$ 46,172,500</b>	
<b>This Issue</b>					
09/30/21	General Purpose.....	2.00-4.00	\$ 12,125,000	\$ 12,125,000	2045
<b>Sub-Total This Issue.....</b>			<b>\$ 12,125,000</b>	<b>\$ 12,125,000</b>	
<b>Total.....</b>			<b>\$ 68,165,000</b>	<b>\$ 58,297,500</b>	

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

**Short-Term Debt**  
**As of September 30, 2021**  
**(Pro-Forma)**

<b>Project</b>	<b>Aggregate Amount Authorized</b>	<b>This Issue: The Notes Due: 9/29/22</b>
Windham High School Renovation ....	\$ 112,332,777	\$ 16,024,400
2020 BOE Capital Projects .....	4,554,500	2,000,000
Jillson Thru Street & Parking .....	975,600	975,600
<b>Total .....</b>	<b>\$ 117,862,877</b>	<b>\$ 19,000,000</b>

**Annual Bonded Debt Maturity Schedule <sup>1</sup>**  
**As of September 30, 2021**  
**(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>
2022 <sup>1</sup>	\$ 356,250	\$ 933,044	\$ 1,289,294	\$ -	\$ 356,250	0.61%
2023	1,586,250	1,818,263	3,404,513	-	1,586,250	3.33%
2024	2,320,000	1,742,538	4,062,538	-	2,320,000	7.31%
2025	2,340,000	1,647,213	3,987,213	580,000	2,920,000	12.32%
2026	2,285,000	1,551,913	3,836,913	580,000	2,865,000	17.23%
2027	1,885,000	1,466,838	3,351,838	580,000	2,465,000	21.46%
2028	1,900,000	1,391,138	3,291,138	580,000	2,480,000	25.72%
2029	1,925,000	1,310,388	3,235,388	580,000	2,505,000	30.01%
2030	1,965,000	1,224,013	3,189,013	580,000	2,545,000	34.38%
2031	1,985,000	1,136,641	3,121,641	580,000	2,565,000	38.78%
2032	1,950,000	1,049,672	2,999,672	580,000	2,530,000	43.12%
2033	1,970,000	967,428	2,937,428	580,000	2,550,000	47.49%
2034	1,990,000	884,158	2,874,159	580,000	2,570,000	51.90%
2035	1,715,000	801,014	2,516,015	575,000	2,290,000	55.83%
2036	1,745,000	727,428	2,472,428	575,000	2,320,000	59.81%
2037	1,775,000	657,448	2,432,448	575,000	2,350,000	63.84%
2038	1,800,000	586,368	2,386,368	575,000	2,375,000	67.91%
2039	1,825,000	514,287	2,339,288	575,000	2,400,000	72.03%
2040	1,845,000	441,299	2,286,299	575,000	2,420,000	76.18%
2041	1,755,000	372,500	2,127,500	575,000	2,330,000	80.18%
2042	1,790,000	307,600	2,097,600	575,000	2,365,000	84.24%
2043	1,820,000	241,375	2,061,375	575,000	2,395,000	88.34%
2044	1,850,000	173,925	2,023,925	575,000	2,425,000	92.50%
2045	1,880,000	105,275	1,985,275	575,000	2,455,000	96.72%
2046	1,915,000	35,325	1,950,325	-	1,915,000	100.00%
<b>Total.....</b>	<b>\$ 46,172,500</b>	<b>\$ 22,087,085</b>	<b>\$ 68,259,585</b>	<b>\$ 12,125,000</b>	<b>\$ 58,297,500</b>	

<sup>1</sup> Excludes principal payments of \$1,475,000 and interest payments of \$1,318,775 made between July 1, 2021 and September 30, 2021.

## ***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 Town's Clean Water Fund Bonds were refinanced in September 2020. 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 September 30, 2021**  
**(Pro Forma)**

**Long-Term Debt Outstanding:**

General Purpose (Includes this Issue).....	\$ 35,583,880
Schools .....	8,514,920
Sewer .....	11,370,000
Water .....	2,828,700
<b>Total Long-Term Debt .....</b>	<b>58,297,500</b>
<b>Short-Term Debt</b> (Includes this Issue Due: 9/29/2022) .....	<b>19,000,000</b>
<b>Total Direct Debt .....</b>	<b>77,297,500</b>
Less: School Construction Grants Receivable (As of June 30, 2021) <sup>1</sup> .....	-
<b>Total Direct Net Debt.....</b>	<b>77,297,500</b>
<b>Overlapping/Underlying Debt.....</b>	<b>-</b>
<b>Total Overall Net Debt.....</b>	<b>\$ 77,297,500</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 September 30, 2021**  
**(Pro Forma)**

Population <sup>1</sup> .....	24,655
Net Taxable Grand List at 70% of Full Value (10/1/20) .....	\$ 971,546,000
Estimated Full Value .....	\$ 1,387,922,857
Equalized Net Taxable Grand List (10/1/19) <sup>2</sup> .....	\$ 1,467,981,594
Money Income per Capita (2018) <sup>1</sup> .....	\$ 21,061

	<b>Total</b>	<b>Total Overall</b>
	<b>Direct Debt:</b>	<b>Net Debt:</b>
	<b>\$77,297,500</b>	<b>\$77,297,500</b>
Debt per Capita.....	\$3,135.17	\$3,135.17
Ratio to Net Taxable Grand List.....	7.96%	7.96%
Ratio to Estimated Full Value.....	5.57%	5.57%
Ratio to Equalized Grand List.....	5.27%	5.27%
Debt per Capita to Money Income per Capita.....	14.89%	14.89%

<sup>1</sup> American Community Survey 2015-2019

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



**Statement Of Statutory Debt Limitation  
As of September 30, 2021  
(Pro Forma)**

<b>Total Tax Collections</b> (including interest and lien fees)	
For the year ended June 30, 2021 <sup>1</sup>	\$ 42,288,921
<b>Reimbursement For Revenue Loss:</b>	
Tax relief for elderly.....	-
<b>Base for Debt Limitation Computation.....</b>	<b>\$ 42,288,921</b>

	<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.....	\$ 95,150,072	-	-	-	-
4 1/2 times base.....	-	\$190,300,145	-	-	-
3 3/4 times base.....	-	-	\$158,583,454	-	-
3 1/4 times base.....	-	-	-	\$137,438,993	-
3 times base.....	-	-	-	-	\$126,866,763
<b>Total Debt Limitation.....</b>	<b>\$ 95,150,072</b>	<b>\$190,300,145</b>	<b>\$158,583,454</b>	<b>\$137,438,993</b>	<b>\$126,866,763</b>

<b>Indebtedness:</b> <sup>2</sup>					
Bonds Outstanding.....	\$ 23,458,880	\$ 8,514,920	\$ 2,828,700	\$ -	\$ -
Bonds (This Issue) .....	12,125,000	-	-	-	-
Notes (This Issue) .....	975,600	18,024,400	-	-	-
Debt Authorized But Unissued .....	9,730,135	106,010,919	-	-	-
<b>Total Indebtedness.....</b>	<b>46,289,615</b>	<b>132,550,239</b>	<b>2,828,700</b>	<b>-</b>	<b>-</b>
Less:					
State School Grants Receivable <sup>3</sup> .....	-	-	-	-	-
<b>Total Net Indebtedness.....</b>	<b>46,289,615</b>	<b>132,550,239</b>	<b>2,828,700</b>	<b>-</b>	<b>-</b>

<b>DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS.....</b>	<b>\$ 48,860,457</b>	<b>\$ 57,749,906</b>	<b>\$155,754,754</b>	<b>\$137,438,993</b>	<b>\$126,866,763</b>
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<sup>1</sup> Subject to audit.

<sup>2</sup> Excludes \$2,828,700 of outstanding water bonds 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 \$296,022,447.

**Authorized But Unissued Debt  
As of September 30, 2021  
(Pro Forma)**

Project	Aggregate Amount Authorized	Bonds Previously Issued	Maturing Notes Due: 9/30/21	Statutory (Paydowns)	New Money (Paydowns)	Premium Applied	This Issue:		Authorized but Unissued
							The Bonds	The Notes Due: 9/29/22	
Intramodal Transportation Center /									
Parking Garage <sup>1</sup> .....	\$ 12,800,000	\$ -	\$ 6,800,000	\$ -	\$ (1,100,000)	\$ 221,400	\$ 5,478,600	\$ -	\$ 7,100,000
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 .....	15,593,635	9,000,000	6,595,000	-	(1,345,000)	204,000	5,046,000	-	1,343,635
Jillson Park .....	1,100,000	450,000	-	-	-	-	-	-	650,000
Windham High School Renovation .....	112,332,777	-	14,000,000	(29,300)	2,053,700	-	-	16,024,400	96,308,377
Road & Sidewalks Phase IV .....	2,400,000	1,500,000	900,000	-	90,000	35,000	865,000	-	-
DPW Improvements .....	400,000	280,000	-	-	120,000	4,600	115,400	-	-
NWS Well System .....	125,000	70,000	-	-	-	-	-	-	55,000
WCS Well System .....	125,000	80,000	-	-	-	-	-	-	45,000
2020 BOE Capital Projects .....	4,554,500	-	2,000,000	-	-	-	-	2,000,000	2,554,500
2020 Town Capital Projects .....	668,300	-	645,000	-	-	25,000	620,000	-	23,300
Jillson Thru Street & Parking .....	975,600	-	-	-	975,600	-	-	975,600	-
<b>Total .....</b>	<b>\$ 174,507,054</b>	<b>\$ 27,151,000</b>	<b>\$ 30,940,000</b>	<b>\$ (29,300)</b>	<b>\$ 794,300</b>	<b>\$ 490,000</b>	<b>\$ 12,125,000</b>	<b>\$ 19,000,000</b>	<b>\$ 115,741,054</b>

<sup>1</sup> Project is expected to be \$1.1 million under budget and Town is expecting a \$6 million DECD grant.

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

Fiscal Year Ended 6/30	Net Assessed Value (000s)	Estimated Full Value <sup>1</sup> (000s)	Net Long-Term Debt <sup>2</sup> (000s)	Ratio of Net Long-Term Debt to Assessed Value (%)	Ratio of Net Long-Term Debt to Estimated Full Value (%)	Population <sup>3</sup>	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Per Capita Income <sup>4</sup> (%)
				Value (%)	Value (%)		Capita	Income <sup>4</sup> (%)
2021 <sup>5</sup>	\$ 961,317	\$ 1,373,310	\$ 47,786	4.97%	3.48%	25,271	\$ 1,890.95	8.98%
2020	950,432	1,357,760	26,120	2.75%	1.92%	25,271	1,033.60	4.91%
2019	893,209	1,276,013	11,198	1.25%	0.88%	25,271	443.12	2.10%
2018	887,905	1,268,436	12,911	1.45%	1.02%	25,271	510.90	2.43%
2017	881,700	1,259,571	15,097	1.71%	1.20%	25,271	597.40	2.84%

<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 2015-2019.

<sup>4</sup> Money Income per Capita: American Community Survey, Bureau of Census 2015-2019 data: \$21,061 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**

Fiscal Year Ended 6/30	Total Debt Service	Total General Fund Expenditures <sup>1</sup>	Ratio of General Fund Debt Service To Total General Fund Expenditures
2021 <sup>2</sup>	\$ 2,619,495	\$ 73,569,493	3.56%
2020	2,081,209	82,372,978	2.53%
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%

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

<sup>2</sup> Subject to audit. FY 2021 is on a budgetary basis of accounting.

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 2021-22 Budget**

The Town’s voters approved the Town’s Annual Budget for Fiscal Year 2021/2022 on May 18, 2021. The Town’s combined mill rate was 37.21, an increase of 0.41 mills compared to the previous fiscal year. The Willimantic Taxing District (“WTD”) budget was adopted on May 18, 2021 by the voters at referendum with a mill rate of 12.88, a decrease of 0.30 mill compared to the previous fiscal year.

**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>Funding</b>	<b>Fiscal 2020-21</b>	<b>Fiscal 2021-22</b>	<b>Fiscal 2022-23</b>	<b>Fiscal 2023-24</b>	<b>Fiscal 2024-25</b>	<b>Total</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>Total .....</b>	<b>\$ 22,025,000</b>	<b>\$ 5,448,284</b>	<b>\$ 300,000</b>	<b>\$ 265,000</b>	<b>\$ 1,205,550</b>	<b>\$ 29,243,834</b>

<b>Purpose</b>	<b>Fiscal 2020-21</b>	<b>Fiscal 2021-22</b>	<b>Fiscal 2022-23</b>	<b>Fiscal 2023-24</b>	<b>Fiscal 2024-25</b>	<b>Total</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>Total .....</b>	<b>\$ 22,025,000</b>	<b>\$ 5,448,284</b>	<b>\$ 300,000</b>	<b>\$ 265,000</b>	<b>\$ 1,205,550</b>	<b>\$ 29,243,834</b>

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**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>Municipal Employees</b>	<b>Board of Education</b>	<b>Police</b>	<b>Firefighters</b>
Total Pension Liability .....	\$ 23,852,073	\$ 12,808,619	\$ 27,883,919	\$ 15,966,673
Plan Fiduciary Net Position .....	18,552,306	9,952,954	23,129,180	13,438,993
Net Pension Liability .....	\$ 5,299,767	\$ 2,855,665	\$ 4,754,739	\$ 2,527,680
Covered Payroll .....	\$ 6,207,765	\$ 4,405,690	\$ 3,042,478	\$ 2,000,400
Plan Fiduciary Net Position as a % of the Total Pension Liability ....	77.78%	77.71%	82.95%	84.17%
Net Pension Liability as a % of Covered Payroll .....	85.37%	64.82%	156.28%	126.36%

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**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>Net Pension Liability (Asset)</b>	<b>Current</b>		
	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
Police.....	\$ 8,434,861	\$ 4,754,739	\$ 1,727,727
Fire.....	4,431,301	2,527,680	933,736
Municipal .....	8,458,904	5,299,767	2,650,818
BOE.....	4,443,030	2,855,665	1,525,458

**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>					
2021 <sup>1</sup>	\$ 691,420	\$ 691,420	\$ -	\$ 2,024,850	34.15%
2020	683,071	683,071	-	2,000,400	34.15%
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%
<b>Police PERS</b>					
2021 <sup>1</sup>	\$ 1,346,549	\$ 1,346,549	\$ -	\$ 3,630,034	37.09%
2020	1,128,597	1,128,597	-	3,042,478	37.09%
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%
<b>Municipal PERS</b>					
2021 <sup>1</sup>	\$ 1,087,197	\$ 1,087,197	\$ -	\$ 9,407,645	11.56%
2020	716,795	717,402	(607)	6,207,765	11.56%
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%
<b>Board of Education PERS</b>					
2021 <sup>1</sup>	\$ 528,128	\$ 528,128	\$ -	\$ 4,482,093	11.78%
2020	480,450	480,450	-	4,405,690	10.91%
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%

<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 \$13,397,020 was measured as of June 30, 2020, as determined by an actuarial valuation as of July 1, 2018. The total OPEB liability for Fiscal Year 2021 is expected to be \$14,542,996. 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>Changes in Total OPEB Liability</b>	<b>2020</b>	<b>2019</b>
Total OPEB Liability:		
Service Cost.....	\$ 601,722	\$ 838,221
Interest on Total OPEB Liability.....	405,313	679,574
Changes in Benefit Terms.....	-	55,555
Differences Between Expected & Actual Experience...	(424,692)	(8,072,968)
Changes of Assumptions.....	1,830,776	776,870
Benefits Payments.....	75,815	(180,266)
<b>Net Change in Total OPEB Liability.....</b>	<b>2,488,934</b>	<b>(5,903,014)</b>
Total OPEB Liability, Beginning.....	10,908,086	16,811,100
<b>Total OPEB Liability, Ending.....</b>	<b>\$ 13,397,020</b>	<b>\$ 10,908,086</b>
Covered Payroll.....	\$ 32,290,861	\$ 31,503,279
Total OPEB Liability as a % of Covered Payroll.....	41.5%	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>Fiscal Year Ending</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
6/30/2021 <sup>1</sup>	\$ 1,145,976	3.00%	\$ 14,542,996
6/30/2020	1,120,211	3.20%	13,397,020
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.....	\$ 11,455,727	\$ 13,397,020	\$ 15,773,975

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

The following presents the total OPEB liability, calculated using the current discount rate of 2.21% 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>(1.21%)</b>	<b>(2.21%)</b>	<b>(3.21%)</b>
Total OPEB Liability.....	\$ 15,078,890	\$ 13,397,020	\$ 11,957,228

**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 \$600,000 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 2019-2020 "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 \$1 million each wrongful act and \$3 million aggregate. Law Enforcement was written on an occurrence basis with \$1 million occurrence and \$3 million aggregate. These policies all had a \$10,000 deductible. Finally, the Town's Property Insurance had a \$264 million blanket limit, \$10 million for flood, \$5 million for earthquake, and \$264 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 6/30/2022</b>	<b>Estimated Actual 6/30/2021</b>	<b>Actual 6/30/2020</b>	<b>Actual 6/30/2019</b>	<b>Actual 6/30/2018</b>
<b>Revenues:</b>					
Property Taxes.....	\$ 43,355,524	\$ 42,497,071	\$ 40,973,320	\$ 39,823,919	\$ 38,071,658
Licenses & Permits.....	603,500	373,455	371,724	392,963	330,220
Fines & Penalties.....	120,750	107,386	85,646	175,340	171,190
Charges for Services.....	2,011,700	2,659,744	1,903,335	1,974,669	1,998,963
Intergovernmental.....	30,903,726	30,049,916	39,184,376	34,365,571	40,637,599
Investment Income.....	100,000	38,833	106,709	72,521	30,362
Other Revenue.....	306,500	704,415	307,902	413,645	108,787
<b>Total.....</b>	<b>77,401,700</b>	<b>76,430,820</b>	<b>82,933,012</b>	<b>77,218,628</b>	<b>81,348,779</b>
<b>Expenditures:</b>					
General Government .....	\$ 2,953,066	\$ 2,791,813	\$ 2,788,136	\$ 2,825,279	\$ 2,329,545
Public Safety .....	1,691,923	1,778,814	1,746,450	1,670,395	1,661,221
Public Works .....	3,809,175	3,767,592	3,398,738	3,823,771	3,813,407
Human Services.....	1,046,476	581,044	569,612	495,339	697,652
Civic and Cultrual .....	975,743	929,322	904,384	1,047,915	999,852
Education .....	49,085,741	45,999,744	56,796,952	413,302	57,224,238
Planning & Development.....	440,850	474,163	458,024	51,586,668	376,550
Other .....	3,928,942	3,639,664	3,135,530	2,764,972	2,897,092
Police.....	7,670,586	7,332,387	6,946,427	6,624,961	6,778,706
Fire.....	2,969,098	3,370,455	3,291,466	3,578,304	3,597,589
Miscellaneous .....	-	-	-	1,600	2,000
Capital Expenditures.....	-	-	-	-	-
Debt Service .....	2,955,100	2,619,495	2,081,209	2,098,191	2,628,933
<b>Total.....</b>	<b>77,526,700</b>	<b>73,284,493</b>	<b>82,116,928</b>	<b>76,930,697</b>	<b>83,006,785</b>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over Expenditures.....</b>	<b>(125,000)</b>	<b>3,146,327</b>	<b>816,084</b>	<b>287,931</b>	<b>(1,658,006)</b>
<b>Other financing sources (uses):</b>					
Proceeds from Capital Leases.....	-	-	-	-	-
Proceeds from Refunding Bonds.....	-	-	-	-	-
Payment to Escrow Agent.....	-	-	-	-	-
Transfers In.....	386,000	376,184	260,102	322,713	200,000
Transfers Out.....	(261,000)	(285,000)	(256,050)	(318,886)	(925,947)
<b>Total Other financing sources (uses).....</b>	<b>125,000</b>	<b>91,184</b>	<b>4,052</b>	<b>3,827</b>	<b>(725,947)</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>3,237,511</b>	<b>820,136</b>	<b>291,758</b>	<b>(2,383,953)</b>
<b>Fund Balance, as originally reported .....</b>					<b>9,481,027</b>
<b>Adjustment.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance, Beginning of Year.....</b>	<b>11,446,479</b>	<b>8,208,968</b>	<b>7,388,832</b>	<b>7,097,074</b>	<b>9,481,027</b>
<b>Fund Balance, End of Year.....</b>	<b>\$ 11,446,479</b>	<b>\$ 11,446,479</b>	<b>\$ 8,208,968</b>	<b>\$ 7,388,832</b>	<b>\$ 7,097,074</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</i>				
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>
	<i>6/30/2021</i>	<i>6/30/2020</i>	<i>6/30/2019</i>	<i>6/30/2018</i>	<i>6/30/2017</i>
<b>Assets</b>					
Cash and cash equivalents.....	\$ 11,259,104	\$ 9,879,843	\$ 1,830,665	\$ 2,195,922	\$ 1,329,941
Receivables:					
Property taxes.....	1,439,424	1,534,402	623,810	1,018,379	1,122,852
Intergovernmental.....	-	-	-	-	-
Other.....	855,622	579,896	1,474,539	2,755,808	719,572
Due from other funds.....	7,843	710,716	6,805,372	5,057,730	7,574,063
Restricted Investments.....	424,650	-	387,561	348,561	792,170
Inventories.....	146,253	127,278	133,941	125,772	144,801
<b>Total assets.....</b>	<b>14,132,896</b>	<b>12,832,135</b>	<b>11,255,888</b>	<b>11,502,172</b>	<b>11,683,399</b>
<b>Liabilities and Fund Balances</b>					
Accounts payable.....	1,454,207	3,554,430	3,505,057	3,490,995	899,070
Deferred revenue.....	-	-	-	-	-
Due to other funds.....	66	66	-	-	221,627
<b>Total liabilities.....</b>	<b>1,454,273</b>	<b>3,554,496</b>	<b>3,505,057</b>	<b>3,490,995</b>	<b>1,120,697</b>
<b>Deferred Inflows of Resources</b>					
Unavailable Resources.....	1,232,144	1,068,671	361,999	914,103	1,081,675
<b>Total Deferred Resources.....</b>	<b>1,232,144</b>	<b>1,068,671</b>	<b>361,999</b>	<b>914,103</b>	<b>1,081,675</b>
<b>Fund Balances</b>					
Nonspendable.....	146,253	127,278	133,941	125,772	144,801
Restricted.....	424,650	424,650	387,561	638,763	792,170
Committed.....	-	-	-	-	-
Assigned.....	-	-	-	-	-
Unassigned.....	10,875,575	7,657,040	6,867,330	6,332,539	8,544,056
<b>Total fund balance.....</b>	<b>11,446,478</b>	<b>8,208,968</b>	<b>7,388,832</b>	<b>7,097,074</b>	<b>9,481,027</b>
<b>Total liabilities and fund balance...</b>	<b>14,132,895</b>	<b>12,832,135</b>	<b>11,255,888</b>	<b>11,502,172</b>	<b>11,683,399</b>
<b>Analysis of General Fund Balance</b>					
Operating revenues.....	\$ 76,430,820	\$ 82,933,012	\$ 77,218,628	\$ 81,348,779	\$ 79,568,406
Fund balance as a percent of					
operating revenues.....	14.98%	9.90%	9.57%	8.72%	11.92%
Unassigned fund balance as					
a percent of operating revenues....	14.23%	9.23%	8.89%	7.78%	10.74%

Section 4-661 creates certain disincentives on increasing adopted budget expenditures for municipalities in Connecticut. Beginning in fiscal year 2018, the Office of Policy and Management (“OPM”) must reduce the amount of the municipal revenue sharing grant for those municipalities whose increase in its adopted budget expenditures, with certain exceptions, 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 4-661 requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the expenditure cap, and if so, the amount by which the cap was exceeded. The fiscal 2022-2023 biennium budget legislation adopted by the General Assembly in June 2021 provides funding for the municipal revenue sharing grant for the fiscal years ending June 30, 2022 and June 30, 2023. The Town expects to receive approximately \$2.2 million of municipal revenue sharing grants for the fiscal year ending June 30, 2022.

Under Section 4-661, municipal spending does not include expenditures: (i) for debt service, special education, or costs to implement court orders or arbitration awards; (ii) associated with a major disaster or emergency declaration by the President or disaster emergency declaration 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**

### **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 original purchasers of the Bonds and Notes will be furnished the following documentation when the Bonds and Notes are delivered:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds and Notes or the levy or collection of taxes to pay them.
2. A Certificate on behalf of the Town, signed by the Town Manager and Director of Finance which will be dated the date of delivery, which will certify, to the best of said officials' knowledge and belief, that at the time bids on the Bonds and Notes were accepted 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.
3. Receipts for the purchase price of the Bonds and Notes.
4. The approving opinions of Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut, substantially in the forms of Appendix B-1 and Appendix B-2 attached hereto.
5. Executed Continuing Disclosure Agreements for the Bonds and Notes in substantially the forms of Appendix C-1 and Appendix C-2 attached hereto.
6. The Issuer will provide to the winning bidder of the Bonds 25 copies of the Official Statement and to the winning bidder of the Notes 10 copies of the Official Statement, prepared for this Bond and Note issue at the Issuer's expense and delivered not later than seven business days after the bid opening. Additional copies may be obtained by the winning bidders at their own expense by arrangement with the printer. If the Issuer's municipal advisor is provided with the necessary information from the winning bidders by noon of the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds and Notes.

**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 15, 2021

***Appendix A***

***The Town's Comprehensive Annual Financial Report  
For Fiscal Year Ending June 30, 2020***

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## **Independent Auditors' Report**

To the Board of Finance  
Town of Windham, Connecticut

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

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, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Windham, Connecticut's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Windham, Connecticut, as of June 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

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

### *Other Information*

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

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2020 our consideration of the Town of Windham, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Windham, Connecticut's internal control over financial reporting and compliance.

*CliftonLarsonAllen LLP*

West Hartford, Connecticut  
June 23, 2020

**TOWN OF WINDHAM, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

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, 2020.

**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 \$75,976,201 (net position). Of this amount, \$(7,355,878) is an unrestricted net position (deficit) of which \$11,031,611 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 \$(18,387,489).
- The Town's changes in net position for the year ended June 30, 2020, amounted to \$(761,037) which consisted of a decrease of \$(477,283) relating to the Town's governmental activities combined with a decrease of \$(283,754) relating to the Town's business-type activities.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,229,376 an increase of \$14,806,928 in comparison with the prior year. Of this amount \$(1,938,093) 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 \$7,657,040 or 9.3% of total General Fund expenditures and operating transfers out.
- The Town's total long-term debt, consisting of bonds payable and notes payable increased by \$14.0 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 in Exhibits I and II 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 in Exhibits III and IV 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 Internal Service Funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds 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 Funds, which are considered a nonmajor fund.

The basic proprietary fund financial statements can be found in Exhibits V through VII 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 in Exhibits VIII and IX 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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current assets	\$ 33,363,876	\$ 16,843,195	\$ 11,584,260	\$ 11,341,663	\$ 44,948,136	\$ 28,184,858
Capital assets, net of accumulated depreciation	94,395,131	94,832,806	31,533,940	32,701,569	125,929,071	127,534,375
Total assets	<u>127,759,007</u>	<u>111,676,001</u>	<u>43,118,200</u>	<u>44,043,232</u>	<u>170,877,207</u>	<u>155,719,233</u>
Deferred outflows of resources	<u>10,880,044</u>	<u>3,640,753</u>			<u>10,880,044</u>	<u>3,640,753</u>
Current liabilities	27,548,224	24,911,907	1,411,628	240,933	28,959,852	25,152,840
Long-term liabilities outstanding	58,964,065	36,922,670	8,870,365	10,682,338	67,834,430	47,605,008
Total liabilities	<u>86,512,289</u>	<u>61,834,577</u>	<u>10,281,993</u>	<u>10,923,271</u>	<u>96,794,282</u>	<u>72,757,848</u>
Deferred inflows of resources	<u>8,986,768</u>	<u>9,864,900</u>			<u>8,986,768</u>	<u>9,864,900</u>
Net Position:						
Net investments in capital assets	57,831,626	66,160,740	21,804,596	22,222,281	79,636,222	88,383,021
Restricted	3,695,857	3,125,284			3,695,857	3,125,284
Unrestricted	<u>(18,387,489)</u>	<u>(25,668,747)</u>	<u>11,031,611</u>	<u>10,897,680</u>	<u>(7,355,878)</u>	<u>(14,771,067)</u>
Total Net Position	<u>\$ 43,139,994</u>	<u>\$ 43,617,277</u>	<u>\$ 32,836,207</u>	<u>\$ 33,119,961</u>	<u>\$ 75,976,201</u>	<u>\$ 76,737,238</u>

The Town's government-wide net position of \$76.0 million represents a decrease of \$0.8 million over last year's net position of \$76.7 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 \$(7.4) million at the end of this year compared with \$(14.8) million at the end of last year. Government activities unrestricted net position (deficit) increased \$7.3 million. Unrestricted net position of the Town's business-type activities increased \$0.1 million.

**Town of Windham, Connecticut  
Summary of Change in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 2,525,002	\$ 4,314,001	\$ 5,748,960	\$ 5,569,280	\$ 8,273,962	\$ 9,883,281
Operating grants and contributions	55,131,062	46,982,950			55,131,062	46,982,950
Capital grants and contributions	2,487,165	3,193,709			2,487,165	3,193,709
General revenues:						
Property taxes	41,679,992	40,376,023			41,679,992	40,376,023
Grants not restricted to specific programs	6,211,812	5,768,345		97,301	6,211,812	5,865,646
Unrestricted investment earnings	182,609	170,994	967,990	762,476	1,150,599	933,470
Miscellaneous revenue	444,747		34,070		478,817	
Total revenues	<u>108,662,389</u>	<u>100,806,022</u>	<u>6,751,020</u>	<u>6,429,057</u>	<u>115,413,409</u>	<u>107,235,079</u>
Expenses:						
General government	4,187,547	4,195,049			4,187,547	4,195,049
Public safety	18,493,415	13,540,915			18,493,415	13,540,915
Public works	8,702,899	7,082,697			8,702,899	7,082,697
Human services	1,005,333	723,756			1,005,333	723,756
Civic and cultural	3,369,148	2,021,503			3,369,148	2,021,503
Planning and development	786,314	807,206			786,314	807,206
Education	71,557,291	73,817,726			71,557,291	73,817,726
Interest and fiscal charges	1,237,725	855,639			1,237,725	855,639
Water			3,139,820	2,917,768	3,139,820	2,917,768
Sewer			3,694,954	3,709,098	3,694,954	3,709,098
Total expenses	<u>109,339,672</u>	<u>103,044,491</u>	<u>6,834,774</u>	<u>6,626,866</u>	<u>116,174,446</u>	<u>109,671,357</u>
Change in net position before transfers	(677,283)	(2,238,469)	(83,754)	(197,809)	(761,037)	(2,436,278)
Transfers	200,000	200,000	(200,000)	(200,000)	-	-
Change in net position	(477,283)	(2,038,469)	(283,754)	(397,809)	(761,037)	(2,436,278)
Net Position at Beginning of Year	<u>43,617,277</u>	<u>45,655,746</u>	<u>33,119,961</u>	<u>33,517,770</u>	<u>76,737,238</u>	<u>79,173,516</u>
Net Position at End of Year	<u>\$ 43,139,994</u>	<u>\$ 43,617,277</u>	<u>\$ 32,836,207</u>	<u>\$ 33,119,961</u>	<u>\$ 75,976,201</u>	<u>\$ 76,737,238</u>

The Town's governmental activities and business-type activities total revenue in 2020 of \$115.4 million represents an increase of \$8.2 million over last year. Capital grants and contributions decreased by \$0.7 million. Operating grants and contributions increased by \$8.1 due to an increase in the onbehalf payments for the Teachers' Retirement Pension.

The Town's total program expenses of \$116.2 million represents an increase of \$6.5 million over last year. The increase is the onbehalf payments for the Teachers' Retirement Pension.

The Town's overall net position decreased by \$0.8 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 \$343,645 mainly due to increased operating costs. The Sewer Fund had an increase in net position of \$59,891, versus a decrease of \$154,990 in the prior year mainly due to increase investment earnings.

## **Governmental Funds**

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

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,229,376, an increase of \$14,806,928 in comparison with the prior year. Of this amount \$(1,938,093) of governmental ending fund balances are unassigned fund balances (deficits). The remainder of fund balance is nonspendable or restricted, to indicate that it is not in spendable form, legally required to be maintained intact or restricted for a specific

## **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 \$5,475,936 while the unassigned fund balance of the WTD General Fund was \$2,173,868.

The fund balance of the combined General Fund increased by \$820,136 during the current fiscal year, mainly due to less expenditures than budgeted.

## **Educational Grants Fund**

Total revenue and expenditures for the year were \$13.8 million as compared to \$13.7 million in the prior year.

## **Capital Improvement Fund**

The Capital Improvement Fund had an increase in fund balance mostly attributable to the issuance of general obligations bonds.

## **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 \$626 thousand 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, 2020, totaled \$125,929,071 (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 decrease in the Town’s investment in capital assets for the current fiscal year was \$1,605,304. The majority of the decrease relates to increased capital costs for the Senior Center, high school renovation and street and sidewalk improvements offset in part by an increase in depreciation expense.

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, 2020 and 2019**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land and improvements	\$ 5,471,725	\$ 5,471,725	\$ 99,330	\$ 99,330	\$ 5,571,055	\$ 5,571,055
Construction in progress	9,493,748	5,735,039	57,078	-	9,550,826	5,735,039
Buildings and improvements	61,574,115	63,704,784	14,351,166	14,805,332	75,925,281	78,510,116
Machinery and equipment	5,387,805	6,295,378	6,911,352	7,840,918	12,299,157	14,136,296
Infrastructure	12,467,738	13,625,880	10,115,014	9,955,989	22,582,752	23,581,869
Total	\$ 94,395,131	\$ 94,832,806	\$ 31,533,940	\$ 32,701,569	\$ 125,929,071	\$ 127,534,375

Additional information on the Town’s capital assets can be found in Note 5 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 \$26,120,100. 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 increased by \$14,921,300 during the current fiscal year. The Enterprise Fund’s long-term obligations decreased by \$872,949 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	
	2020	2019	2020	2019	2020	2019
Bonds payable	\$ 26,120,100	\$ 11,198,800	\$ 364,900	\$ 431,800	\$ 26,485,000	\$ 11,630,600
Notes payable			9,241,439	10,047,488	9,241,439	10,047,488
Total	\$ 26,120,100	\$ 11,198,800	\$ 9,606,339	\$ 10,479,288	\$ 35,726,439	\$ 21,678,088

Additional information on the Town’s long-term debt can be found in Note 7 of this report.

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

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

- The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which may affect the amount of intergovernmental revenues the Town will receive in fiscal year 2021 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 2021 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 2021.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Department of Finance, 979 Main Street, Willimantic, CT 06226.

# Basic Financial Statements

**TOWN OF WINDHAM, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 20,092,633	\$ 1,835,700	\$ 21,928,333
Restricted cash and cash equivalents	424,650		424,650
Investments	835,857	8,191,489	9,027,346
Property taxes, net	1,534,402		1,534,402
Due from other governments	7,843,127		7,843,127
Other receivables	2,460,491	1,217,719	3,678,210
Inventories	172,716		172,716
Other assets		339,352	339,352
Capital assets, nondepreciable	14,965,473	156,408	15,121,881
Capital assets, net of accumulated depreciation	79,429,658	31,377,532	110,807,190
Total assets	<u>127,759,007</u>	<u>43,118,200</u>	<u>170,877,207</u>
<b>Deferred Outflows of Resources:</b>			
Deferred charge on refunding	78,478		78,478
Deferred outflows related to pension	8,456,285		8,456,285
Deferred outflows related to OPEB	2,345,281		2,345,281
Total deferred outflows of resources	<u>10,880,044</u>	<u>-</u>	<u>10,880,044</u>
<b>Liabilities:</b>			
Accounts payable and accrued items	6,082,524	457,791	6,540,315
Interest payable	354,989	6,944	361,933
Unearned revenue	1,253,172		1,253,172
Bond anticipation notes payable	13,500,000		13,500,000
<b>Noncurrent liabilities:</b>			
Due within one year	6,357,539	946,893	7,304,432
Due in more than one year	58,964,065	8,870,365	67,834,430
Total liabilities	<u>86,512,289</u>	<u>10,281,993</u>	<u>96,794,282</u>
<b>Deferred Inflows of Resources:</b>			
Deferred inflows related to pension	1,317,507		1,317,507
Deferred inflows related to OPEB	7,669,261		7,669,261
Total deferred inflows of resources	<u>8,986,768</u>	<u>-</u>	<u>8,986,768</u>
<b>Net Position:</b>			
Net investment in capital assets	57,831,626	21,804,596	79,636,222
<b>Restricted for:</b>			
Grant program purposes	1,687,304		1,687,304
Debt repayment	1,201,011		1,201,011
Other purposes	807,542		807,542
Unrestricted	<u>(18,387,489)</u>	<u>11,031,611</u>	<u>(7,355,878)</u>
<b>Total Net Position</b>	<u>\$ 43,139,994</u>	<u>\$ 32,836,207</u>	<u>\$ 75,976,201</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDHAM, CONNECTICUT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

Function/Program Activities	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 4,187,547	\$ 875,004	\$ 27,700	\$	\$ (3,284,843)		\$ (3,284,843)
Public safety	18,493,415	1,452,340	382,252		(16,658,823)		(16,658,823)
Public works	8,702,899	19,619	11,922	1,544,357	(7,127,001)		(7,127,001)
Human services	1,005,333				(1,005,333)		(1,005,333)
Civic and cultural	3,369,148	99,670	13,137	800,000	(2,456,341)		(2,456,341)
Planning and development	786,314				(786,314)		(786,314)
Education	71,557,291	78,369	54,696,051	142,808	(16,640,063)		(16,640,063)
Interest and fiscal charges	1,237,725				(1,237,725)		(1,237,725)
Total governmental activities	<u>109,339,672</u>	<u>2,525,002</u>	<u>55,131,062</u>	<u>2,487,165</u>	<u>(49,196,443)</u>	<u>-</u>	<u>(49,196,443)</u>
Business-type activities:							
Water	3,139,820	2,718,069				(421,751)	(421,751)
Sewer	3,694,954	3,030,891				(664,063)	(664,063)
Total business-type activities	<u>6,834,774</u>	<u>5,748,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,085,814)</u>	<u>(1,085,814)</u>
Total Primary Government	<u>\$ 116,174,446</u>	<u>\$ 8,273,962</u>	<u>\$ 55,131,062</u>	<u>\$ 2,487,165</u>	<u>(49,196,443)</u>	<u>(1,085,814)</u>	<u>(50,282,257)</u>
General revenues:							
Property taxes					41,679,992		41,679,992
Grants and contributions not restricted to specific programs					6,211,812		6,211,812
Unrestricted investment earnings					182,609	967,990	1,150,599
Miscellaneous					444,747	34,070	478,817
Transfers					200,000	(200,000)	-
Total general revenues and transfers					<u>48,719,160</u>	<u>802,060</u>	<u>49,521,220</u>
Change in net position					(477,283)	(283,754)	(761,037)
Net Position at Beginning of Year					<u>43,617,277</u>	<u>33,119,961</u>	<u>76,737,238</u>
Net Position at End of Year					<u>\$ 43,139,994</u>	<u>\$ 32,836,207</u>	<u>\$ 75,976,201</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDHAM, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

	<u>General</u>	<u>Educational Grants Fund</u>	<u>Capital Improvement Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 9,455,193	\$ 383,523	\$ 5,727,157	\$ 3,280,964	\$ 18,846,837
Investments				835,857	835,857
Restricted cash	424,650				424,650
Property taxes receivable, net	1,534,402				1,534,402
Due from other governments		1,048,452	6,312,777	481,898	7,843,127
Other receivables, net	579,896			182,735	762,631
Due from other funds	710,716			66	710,782
Inventories	127,278			45,438	172,716
Total Assets	<u>\$ 12,832,135</u>	<u>\$ 1,431,975</u>	<u>\$ 12,039,934</u>	<u>\$ 4,826,958</u>	<u>\$ 31,131,002</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued items	\$ 3,554,430	\$ 753,924	\$ 1,026,113	\$ 450,387	\$ 5,784,854
Due to other funds	66			710,716	710,782
Unearned revenue		678,051		575,121	1,253,172
Bond anticipation notes payable			13,500,000		13,500,000
Total liabilities	<u>3,554,496</u>	<u>1,431,975</u>	<u>14,526,113</u>	<u>1,736,224</u>	<u>21,248,808</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	1,068,671				1,068,671
Unavailable revenue - grants			6,312,777	271,370	6,584,147
Total deferred inflows of resources	<u>1,068,671</u>	<u>-</u>	<u>6,312,777</u>	<u>271,370</u>	<u>7,652,818</u>
Fund balances:					
Nonspendable	127,278			344,334	471,612
Restricted	424,650			3,271,207	3,695,857
Unassigned	7,657,040		(8,798,956)	(796,177)	(1,938,093)
Total fund balances	<u>8,208,968</u>	<u>-</u>	<u>(8,798,956)</u>	<u>2,819,364</u>	<u>2,229,376</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 12,832,135</u>	<u>\$ 1,431,975</u>	<u>\$ 12,039,934</u>	<u>\$ 4,826,958</u>	<u>\$ 31,131,002</u>

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**TOWN OF WINDHAM, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2020**

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

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

Fund balances - total governmental funds (Exhibit III)	\$	2,229,376
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Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$	182,388,172	
Less accumulated depreciation		<u>(87,993,041)</u>	
Net capital assets			94,395,131

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

Property tax receivables greater than 60 days	1,068,671
Grants	6,584,147
Deferred outflows related to refundings	78,478
Deferred outflows related to pensions	8,456,285
Deferred outflows related to OPEB	2,345,281

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

242,135

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

Bonds payable	(26,120,100)
Unamortized premium on bonds payable	(1,789,500)
Interest payable on bonds	(354,989)
Landfill Post-closure	(56,000)
Compensated absences	(6,117,282)
Net pension liability	(15,437,851)
Total OPEB liability	(13,397,020)
Deferred inflows related to pensions	(1,317,507)
Deferred inflows related to OPEB	<u>(7,669,261)</u>

Net Position of Governmental Activities (Exhibit I)	\$	<u><u>43,139,994</u></u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF WINDHAM, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

	General	Educational Grants Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes, interest and lien fees	\$ 40,973,320	\$	\$	\$	\$ 40,973,320
Intergovernmental	39,184,376	13,813,976	889,925	5,615,059	59,503,336
Charges for services	1,903,335			164,298	2,067,633
Licenses and permits	371,724				371,724
Fines, forfeitures and penalties	85,646				85,646
Investment income	106,709			76,288	182,997
Miscellaneous	307,902		10,000	126,825	444,727
Donations and contributions				470,484	470,484
Total revenues	<u>82,933,012</u>	<u>13,813,976</u>	<u>899,925</u>	<u>6,452,954</u>	<u>104,099,867</u>
Expenditures:					
Current:					
General government	2,788,136			103,612	2,891,748
Public safety	1,746,450			401,890	2,148,340
Public works	3,398,738			218,049	3,616,787
Human services	569,612				569,612
Civic and cultural	904,384			941,203	1,845,587
Planning and development	458,024				458,024
Education	56,796,952	13,812,077		4,714,151	75,323,180
Other	3,135,530				3,135,530
Police	6,946,427				6,946,427
Fire	3,291,466				3,291,466
Debt service:					
Principal retirement	1,592,860				1,592,860
Interest and other charges	488,349		385,000	460,093	1,333,442
Capital outlay			4,236,181	419,376	4,655,557
Total expenditures	<u>82,116,928</u>	<u>13,812,077</u>	<u>4,621,181</u>	<u>7,258,374</u>	<u>107,808,560</u>
Excess (Deficiency) of Revenues over Expenditures	<u>816,084</u>	<u>1,899</u>	<u>(3,721,256)</u>	<u>(805,420)</u>	<u>(3,708,693)</u>
Other Financing Sources (Uses):					
Bonds issued			16,675,000		16,675,000
Refunding bonds issued				1,895,000	1,895,000
Premium on bonds issued				1,428,960	1,428,960
Premium on refunding bonds issued				183,661	183,661
Premium on notes issued				190,350	190,350
Payment to escrow agent				(2,057,350)	(2,057,350)
Transfers in	260,102			256,050	516,152
Transfers out	(256,050)			(60,102)	(316,152)
Total other financing sources	<u>4,052</u>	<u>-</u>	<u>16,675,000</u>	<u>1,836,569</u>	<u>18,515,621</u>
Net Change in Fund Balances	820,136	1,899	12,953,744	1,031,149	14,806,928
Fund Balances at Beginning of Year	<u>7,388,832</u>	<u>(1,899)</u>	<u>(21,752,700)</u>	<u>1,788,215</u>	<u>(12,577,552)</u>
Fund Balances at End of Year	<u>\$ 8,208,968</u>	<u>\$ -</u>	<u>\$ (8,798,956)</u>	<u>\$ 2,819,364</u>	<u>\$ 2,229,376</u>

(Continued on next page)



**TOWN OF WINDHAM, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 14,806,928
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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	4,903,885
Depreciation expense	(5,341,560)

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

Property taxes collected after 60 days	706,672
Grants	381,317
Deferred outflows related to pensions	5,615,877
Deferred outflows related to OPEB	1,628,633

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are 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.

Bonds issued	(16,675,000)
Refunding bonds issued	(1,895,000)
Premium on bonds issued	(1,428,960)
Premium on refunding bonds issued	(183,661)
Principal payments	1,598,700
Payment to escrow agent	2,057,350

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.

Amortization of deferred charge on refunding	(12,569)
Amortization of premium	87,084
Accrued interest	(174,988)
Change in landfill post-closure	7,000
Change in long-term compensated absences	65,067
Change in net pension liability	(7,131,379)
Change in total OPEB liability	(2,488,934)
Deferred inflows related to pensions	596,076
Deferred inflows related to OPEB	282,056

The net expense of the internal service funds is reported with governmental activities.	<u>2,118,123</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ (477,283)</u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF WINDHAM, CONNECTICUT**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2020**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 525,174	\$ 1,310,526	\$ 1,835,700	\$ 1,245,796
Accounts receivable, net	692,877	524,842	1,217,719	1,697,860
Other assets	339,352		339,352	
Total current assets	<u>1,557,403</u>	<u>1,835,368</u>	<u>3,392,771</u>	<u>2,943,656</u>
Noncurrent assets:				
Investments	1,952,891	6,238,598	8,191,489	
Capital assets:				
Not being depreciated	69,850	86,558	156,408	
Being depreciated, net	10,776,837	20,600,695	31,377,532	
Total noncurrent assets	<u>12,799,578</u>	<u>26,925,851</u>	<u>39,725,429</u>	<u>-</u>
Total assets	<u>14,356,981</u>	<u>28,761,219</u>	<u>43,118,200</u>	<u>2,943,656</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable	292,164	165,627	457,791	297,670
Accrued liabilities	4,531	2,413	6,944	
Claims payable			-	2,403,851
Bonds and notes payable - current	66,300	806,768	873,068	
Compensated absences - current	22,733	51,092	73,825	
Total current liabilities	<u>385,728</u>	<u>1,025,900</u>	<u>1,411,628</u>	<u>2,701,521</u>
Noncurrent liabilities:				
Bonds payable after one year	298,600	8,434,671	8,733,271	
Compensated absences	42,209	94,885	137,094	
Total noncurrent liabilities	<u>340,809</u>	<u>8,529,556</u>	<u>8,870,365</u>	<u>-</u>
Total liabilities	<u>726,537</u>	<u>9,555,456</u>	<u>10,281,993</u>	<u>2,701,521</u>
<b>Net Position:</b>				
Net investment in capital assets	10,358,782	11,445,814	21,804,596	
Unrestricted	3,271,662	7,759,949	11,031,611	242,135
Total Net Position	<u>\$ 13,630,444</u>	<u>\$ 19,205,763</u>	<u>\$ 32,836,207</u>	<u>\$ 242,135</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDHAM, CONNECTICUT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
Operating Revenues:				
Charges for services	\$ 2,718,069	\$ 3,030,891	\$ 5,748,960	\$ 14,084,855
Other	33,847	223	34,070	
Total operating revenues	<u>2,751,916</u>	<u>3,031,114</u>	<u>5,783,030</u>	<u>14,084,855</u>
Operating Expenses:				
Personnel services	1,560,033	1,181,824	2,741,857	
Outside services	159,941	592,942	752,883	
Fuel and utilities	222,249	208,968	431,217	
Administration	90,367	73,158	163,525	1,391,746
Repairs, maintenance and supplies	454,978	269,679	724,657	
Other	167,082	9,213	176,295	
Claims			-	10,574,986
Depreciation	474,669	1,182,567	1,657,236	
Total operating expenses	<u>3,129,319</u>	<u>3,518,351</u>	<u>6,647,670</u>	<u>11,966,732</u>
Operating Income (Loss)	(377,403)	(487,237)	(864,640)	2,118,123
Nonoperating Revenues (Expenses):				
Interest income	144,259	823,731	967,990	
Interest expense	(10,501)	(176,603)	(187,104)	
Total nonoperating revenues (expenses)	<u>133,758</u>	<u>647,128</u>	<u>780,886</u>	<u>-</u>
Income Before Transfers	(243,645)	159,891	(83,754)	2,118,123
Transfers Out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(200,000)</u>	
Change in Net Position	(343,645)	59,891	(283,754)	2,118,123
Net Position at Beginning of Year	<u>13,974,089</u>	<u>19,145,872</u>	<u>33,119,961</u>	<u>(1,875,988)</u>
Net Position at End of Year	<u>\$ 13,630,444</u>	<u>\$ 19,205,763</u>	<u>\$ 32,836,207</u>	<u>\$ 242,135</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDHAM, CONNECTICUT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 2,660,906	\$ 2,965,655	\$ 5,626,561	\$ 12,386,995
Payments to suppliers	(871,181)	(757,288)	(1,628,469)	(10,030,795)
Payments to employees	(1,599,970)	(1,134,018)	(2,733,988)	(1,259,735)
Payments for interfund services used	(446,213)	(697,179)	(1,143,392)	(386,240)
Net cash provided by (used in) operating activities	<u>(256,458)</u>	<u>377,170</u>	<u>120,712</u>	<u>710,225</u>
Cash Flows from Noncapital Financing Activities:				
Transfers out to other funds	<u>(100,000)</u>	<u>(100,000)</u>	<u>(200,000)</u>	
Cash Flows from Capital and Related Financing Activities:				
Principal paid on debt	(66,300)	(806,049)	(872,349)	
Interest paid on debt	(10,501)	(192,278)	(202,779)	
Purchase of capital assets	(334,005)	(556,790)	(890,795)	
Net cash provided by (used in) capital and related financing activities	<u>(410,806)</u>	<u>(1,555,117)</u>	<u>(1,965,923)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Sale of investments	1,198,000	1,305,000	2,503,000	
Interest on investments	65,571	117,925	183,496	
Net cash provided by (used in) investing activities	<u>1,263,571</u>	<u>1,422,925</u>	<u>2,686,496</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	496,307	144,978	641,285	710,225
Cash and Cash Equivalents at Beginning of Year	<u>28,867</u>	<u>1,165,548</u>	<u>1,194,415</u>	<u>535,571</u>
Cash and Cash Equivalents at End of Year	<u>\$ 525,174</u>	<u>\$ 1,310,526</u>	<u>\$ 1,835,700</u>	<u>\$ 1,245,796</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ (377,403)	\$ (487,237)	\$ (864,640)	\$ 2,118,123
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	474,669	1,182,567	1,657,236	
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(91,010)	(65,459)	(156,469)	(1,697,860)
(Increase) decrease in inventory	(19,957)		(19,957)	
Increase (decrease) in accounts payable	244,502	396,672	641,174	132,011
Increase (decrease) in accrued liabilities	(1,109)		(1,109)	
Increase (decrease) in compensated absences	(39,937)	47,806	7,869	
Increase (decrease) in claims payable			-	544,191
Increase (decrease) in due to other funds	(446,213)	(697,179)	(1,143,392)	(386,240)
Total adjustments	<u>120,945</u>	<u>864,407</u>	<u>985,352</u>	<u>(1,407,898)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (256,458)</u>	<u>\$ 377,170</u>	<u>\$ 120,712</u>	<u>\$ 710,225</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDHAM, CONNECTICUT**  
**STATEMENT OF NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2020**

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets:			
Cash and cash equivalents	\$ 3,335,854	\$ 63,178	\$ 115,266
Investments, at fair value:			
Certificate of deposit			212,380
U.S. government securities	3,266,192		
Corporate bonds	10,335,979		
Common stock	38,850,506	33,708	
Mutual funds	4,624,732	20,041	
Collective trusts	4,622,267	74,082	
Receivables	42,325	47	2,978
Total assets	<u>65,077,855</u>	<u>191,056</u>	<u>330,624</u>
Liabilities:			
Accounts payable	4,422	1,437	2,978
Due to others			327,646
Total liabilities	<u>4,422</u>	<u>1,437</u>	<u>\$ 330,624</u>
Net Position:			
Restricted for Pension Benefits/Other Benefits	<u>\$ 65,073,433</u>	<u>\$ 189,619</u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDHAM, CONNECTICUT  
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Funds</u>
Additions:		
Contributions:		
Employer	\$ 3,009,520	\$
Plan members	527,286	
Donations		500
Total contributions	<u>3,536,806</u>	<u>500</u>
Investment earnings:		
Net change in fair value of investments	(1,345,595)	3,347
Interest and dividends	<u>1,922,504</u>	<u>2,966</u>
Total investment earnings	576,909	6,313
Less investment expenses:		
Investment management fees	<u>34,750</u>	
Net investment earnings	<u>542,159</u>	<u>6,313</u>
Total additions	<u>4,078,965</u>	<u>6,813</u>
Deductions:		
Benefits	3,584,602	600
Administrative expense	<u>64,437</u>	<u>8,513</u>
Total deductions	<u>3,649,039</u>	<u>9,113</u>
Change in Net Position	429,926	(2,300)
Net Position at Beginning of Year	<u>64,643,507</u>	<u>191,919</u>
Net Position at End of Year	<u>\$ 65,073,433</u>	<u>\$ 189,619</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDHAM, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**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.

**A. Reporting Entity**

The Town of was incorporated in 1686 after being settled in 1686 and adopted its original charter in 1947. The Town 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.

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

**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 these statements, except for the net residual amounts due between governmental and business-type activities. However, interfund services provided and used are not eliminated 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 support.

**TOWN OF WINDHAM, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

Separate financial statements are provided for governmental funds, 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.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds, however, have no measurement focus.

Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, landfill post-closure monitoring, postemployment benefits and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the 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.



**TOWN OF WINDHAM, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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The *Educational Grants Fund* accounts for funds to be used for educational revenues and expenditures relating to federal and state educational grants.

The *Capital Improvement Fund* is used to account for revenues and expenditures relating to capital improvement projects.

The Town reports the following major proprietary funds:

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

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

Additionally, the Town reports the following fund types:

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. 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.

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 all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**TOWN OF WINDHAM, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**B. Cash Equivalents**

For purposes of reporting cash flows, all savings, checking, money market accounts and certificates of deposit with an original maturity of less than 90 days are considered to be cash equivalents.

**C. Investments**

Investments are stated at fair value.

**D. Inventories and Prepaid Items**

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**E. Receivables and Payables**

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes receivable at June 30, 2020 are stated net of allowance for uncollectible accounts of \$320,826.

**F. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than 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 lives are not capitalized.

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Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is not included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the Town is depreciated using the straight-line method over the following estimated useful lives.

<b>Assets</b>	<b>Years</b>
Land	-
Construction in progress	-
Building and Improvements	5-50
Infrastructure	20-50
Machinery and equipment	3-25

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

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

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 deferred inflows of resources for pension and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs and difference between projected and actual earnings on investments. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plans (active employees and inactive employees). For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

#### **H. Compensated Absences**

Based on union contracts, certain employees may accumulate a certain amount of unused sick leave until retirement, termination or death, at which time the accumulated amounts become vested and the employee is paid a percentage of the accumulated sick leave. The amount recorded as a liability is based upon current salary levels. Vacation time earned during the fiscal year may, in some situations, be carried over to the next fiscal year. All vacation and sick pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

#### **I. Net Pension Liability**

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

#### **J. Total Other Postemployment Benefits Other than Pensions (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. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year and no later than the end of the current fiscal year, consistently applied from period to period.

#### **K. 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 are reported net of the applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

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**L. Equity**

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

**Net Investment in Capital Assets**

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

**Restricted**

Restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

**Unrestricted**

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

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

**Nonspendable Fund Balance**

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

**Restricted Fund Balance**

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

**Committed Fund Balance**

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town Council). Amounts remain committed until action is taken by the Town Council to remove or revise the limitations per the Town Charter.

**Assigned Fund Balance**

This includes amounts constrained for the intent to be used for a specific purpose by the Town Manager or Town Controller that has been delegated authority to assign amounts by the Town Charter.

**Unassigned Fund Balance**

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

**M. Property Taxes**

Property taxes are assessed as of October 1 and billed the following July 1 and January 1. Taxes are overdue on August 1 and February 1. Interest at the rate of 1.5% per month accrues on all overdue taxes. Assessments for real and personal property, excluding motor vehicles, are computed at 70% of appraised market value. A lien is placed on the property if real estate taxes are unpaid as of June 30 following the payable date.

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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 to be used to pay liabilities of the current period. The Town defines the current period to mean within 30 days after year-end. Property taxes receivable not expected to be collected during the available period are reflected in deferred revenue in the fund financial statements. The entire receivable is recorded as revenue in the government-wide financial statements. Property taxes collected prior to June 30 that are applicable to the subsequent years' assessment are reflected as advance tax collections in both the fund financial statements and the government-wide financial statements.

**N. Accounting Estimates**

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

**O. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is June 23, 2021.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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 Directors 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.

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- The BOF must approve any additional appropriation and a Town Meeting must be held to approve any additional appropriation over \$100,000 for both budgets. During the year ended June 30, 2020, 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.

**B. Deficit Fund Equity**

For the year ended June 30, 2020, the following funds had deficit balances:

Capital improvement fund	\$	8,798,956
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Public safety donation fund		236,137
Capital Projects Fund:		
LOCIP projects fund		26,825
Capital leases		533,215
Internal Service Funds:		
Workers compensation fund		605,137

These amounts will be funded through bonds, contributions and future revenues.

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

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

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies; 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully

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collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

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

**Deposits**

**Deposit Custodial Credit Risk**

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$22,205,865 of the Town’s bank balance of \$25,581,214 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 19,863,964
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>2,341,901</u>
Total Amount Subject to Custodial Risk	<u><u>\$ 22,205,865</u></u>

**Cash Equivalents**

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2020, the Town’s cash equivalents amounted to \$5,221,028. The following table provides summary of the Town’s cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.



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	<u>Standard &amp; Poor's</u>
Morgan Stanley	*
Multi-Bank Securities	*
Plimoth Investment Advisors	*
US Bank	*
Bank of America	*

\* Not Rated

**Investments**

As of June 30, 2020, the Town had the following investments in the General Fund, Nonmajor Governmental Funds, Water Fund, Sewer Fund and Pension Funds:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
		<u>Less Than 1</u>	<u>1 - 10</u>	<u>More than 10</u>
Interest-bearing investments:				
U.S. Government Securities	\$ 3,384,734	\$	\$ 3,384,734	\$
U.S. Government Agencies	6,057,352		4,138,501	1,918,851
Certificate of Deposits	2,346,517	559,953	1,786,564	
Corporate Bonds	<u>10,512,869</u>	<u>2,852,823</u>	<u>7,660,046</u>	
Total	22,301,472	<u>\$ 3,412,776</u>	<u>\$ 16,969,845</u>	<u>\$ 1,918,851</u>
Other investments:				
Mutual Funds	\$ 4,644,773			
Collective Trust	4,696,349			
Common Stock	<u>39,424,639</u>			
Total Investments	<u>\$ 71,067,233</u>			

**Investment Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value if its investment or collateral securities that are in the possession of an outside party.

**Credit Risk**

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

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particular investment authority and do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries.

<u>Average Rating</u>	<u>Corporate Bonds</u>	<u>U.S. Government Securities</u>	<u>U.S. Government Agencies</u>	<u>Certificates of Deposit</u>
Aaa	\$	\$ 3,384,734	\$ 6,057,352	\$
Aa1	661,164			
Aa2	1,310,465			
Aa3	5,226			
A1	846,184			
A2	1,289,683			
A3	3,288,457			
Baa1	1,079,560			
Baa2	1,837,640			
Ba2	188,456			
Unrated	6,034			2,346,517
	<u>\$ 10,512,869</u>	<u>\$ 3,384,734</u>	<u>\$ 6,057,352</u>	<u>\$ 2,346,517</u>

**Concentration of Credit Risk**

The Town places no limit on the amount invested in any one issuer. No more than 5% of the Town's investments were invested in any one issuer in which credit risk was applicable.

**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.

**Fair Value**

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

**TOWN OF WINDHAM, CONNECTICUT  
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The Town has the following recurring fair value measurements as of June 30, 2020:

	June 30, 2020	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
U.S. Government Securities	\$ 3,384,734	\$ 3,384,734	\$	\$
U.S. Government Agencies	6,057,352		6,057,352	
Collective Trust	4,696,349		4,696,349	
Corporate Bonds	10,512,869		10,512,869	
Mutual Funds	4,644,773	4,644,773		
Common Stock	39,424,639	39,424,639		
Total Investments by Fair Value Level	\$ 68,720,716	\$ 47,454,146	\$ 21,266,570	\$ -

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

**4. RECEIVABLES**

Accounts receivables as of June 30, 2020 for the Town's individual major funds and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectable amounts, are as follows:

	General Fund	Educational Grants Fund	Capital Improvement Fund	Water Fund	Sewer Fund	Nonmajor and Other Funds	Total
Accounts receivable							
Property taxes receivable, net	\$ 1,855,228	\$	\$	\$	\$	\$	\$ 1,855,228
Due from other governments		1,048,452	6,312,777			481,898	7,843,127
Other receivables, net	579,896			726,877	563,842	1,925,945	3,796,560
Gross receivable	2,435,124	1,048,452	6,312,777	726,877	563,842	2,407,843	13,494,915
Less allowance for uncollectible accounts	320,826			34,000	39,000		393,826
Net Total Receivables	\$ 2,114,298	\$ 1,048,452	\$ 6,312,777	\$ 692,877	\$ 524,842	\$ 2,407,843	\$ 13,101,089

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**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,471,725	\$	\$	\$ 5,471,725
Construction in progress	5,735,039	4,705,923	947,214	9,493,748
Total capital assets not being depreciated	<u>11,206,764</u>	<u>4,705,923</u>	<u>947,214</u>	<u>14,965,473</u>
Capital assets being depreciated:				
Buildings and improvements	108,732,832	645,716		109,378,548
Machinery and equipment	24,652,633	287,406		24,940,039
Infrastructure	32,892,058	212,054		33,104,112
Total capital assets being depreciated	<u>166,277,523</u>	<u>1,145,176</u>	<u>-</u>	<u>167,422,699</u>
Less accumulated depreciation for:				
Buildings and improvements	45,028,048	2,776,385		47,804,433
Machinery and equipment	18,357,255	1,194,979		19,552,234
Infrastructure	19,266,178	1,370,196		20,636,374
Total accumulated depreciation	<u>82,651,481</u>	<u>5,341,560</u>	<u>-</u>	<u>87,993,041</u>
Total capital assets being depreciated, net	<u>83,626,042</u>	<u>(4,196,384)</u>	<u>-</u>	<u>79,429,658</u>
Governmental Activities Capital Assets, Net	<u>\$ 94,832,806</u>	<u>\$ 509,539</u>	<u>\$ 947,214</u>	<u>\$ 94,395,131</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 99,330	\$	\$	\$ 99,330
Construction in progress	<u>99,330</u>	<u>57,078</u>	<u>-</u>	<u>156,408</u>
Total capital assets not being depreciated	<u>99,330</u>	<u>57,078</u>	<u>-</u>	<u>156,408</u>
Capital assets being depreciated:				
Buildings and improvements	24,973,447			24,973,447
Machinery and equipment	16,125,684	39,636		16,165,320
Services and improvements	18,158,310	392,893		18,551,203
Total capital assets being depreciated	<u>59,257,441</u>	<u>432,529</u>	<u>-</u>	<u>59,689,970</u>
Less accumulated depreciation for:				
Buildings and improvements	10,168,115	454,166		10,622,281
Machinery and equipment	8,284,766	969,202		9,253,968
Services and improvements	8,202,321	233,868		8,436,189
Total accumulated depreciation	<u>26,655,202</u>	<u>1,657,236</u>	<u>-</u>	<u>28,312,438</u>
Total capital assets being depreciated, net	<u>32,602,239</u>	<u>(1,224,707)</u>	<u>-</u>	<u>31,377,532</u>
Business-Type Activities Capital Assets, Net	<u>\$ 32,701,569</u>	<u>\$ (1,167,629)</u>	<u>\$ -</u>	<u>\$ 31,533,940</u>

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

Governmental activities:	
General government	\$ 427,323
Public safety	1,068,312
Public works	2,136,624
Human services	53,416
Planning and development	53,416
Civic and cultural	213,662
Education	<u>1,388,807</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u>5,341,560</u>
Business-type activities:	
Water	\$ 474,669
Sewer	<u>1,182,567</u>
 Total Depreciation Expense - Business-Type Activities	 \$ <u>1,657,236</u>

**6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of June 30, 2020 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 710,716
Nonmajor Governmental Funds	General Fund	<u>66</u>
Total		\$ <u>710,782</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 expenditure occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made.

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The transfers that occurred during the year are as follows:

	<b>Transfers In</b>		<b>Total Transfers Out</b>
	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	
Transfers out:			
General Fund	\$	\$ 256,050	\$ 256,050
Nonmajor Governmental Funds	60,102		60,102
Water Fund	100,000		100,000
Sewer Fund	100,000		100,000
 Total Transfers In	 \$ 260,102	 \$ 256,050	 \$ 516,152

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 for various budgeted purposes.

**7. LONG-TERM LIABILITIES**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2020 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities:</b>					
Bonds payable:					
General obligation bonds	\$ 11,198,800	\$ 18,570,000	\$ 3,648,700	\$ 26,120,100	\$ 1,538,700
Premium	263,963	1,612,621	87,084	1,789,500	
Total bonds payable	11,462,763	20,182,621	3,735,784	27,909,600	1,538,700
Compensated absences	6,182,349	2,098,733	2,163,800	6,117,282	2,407,988
Landfill post-closure liability	63,000		7,000	56,000	7,000
Risk management claims	1,859,660	10,574,986	10,030,795	2,403,851	2,403,851
Total OPEB liability	10,908,086	2,488,934		13,397,020	
Net pension liability	8,306,472	7,131,379		15,437,851	
Total Governmental Activities Long-Term Liabilities	\$ 38,782,330	\$ 42,476,653	\$ 15,937,379	\$ 65,321,604	\$ 6,357,539

For the governmental activities, compensated absences, land-fill post-closure, net pension liability and total OPEB liability are generally liquidated by the General Fund.

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-type Activities:</b>					
Bonds payable:					
General obligation bonds	\$ 431,800		\$ 66,900	\$ 364,900	\$ 66,300
Notes payable - direct borrowings	10,047,488		806,049	9,241,439	806,768
Compensated absences	<u>203,050</u>	<u>78,937</u>	<u>71,068</u>	<u>210,919</u>	<u>73,825</u>
Total Business-Type Activities					
Long-Term Liabilities	<u>\$ 10,682,338</u>	<u>\$ 78,937</u>	<u>\$ 944,017</u>	<u>\$ 9,817,258</u>	<u>\$ 946,893</u>

General obligation bonds currently outstanding are as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2020</u>
<b>Governmental Activities:</b>					
Bonds payable:					
General purpose refunding bonds	2010	2024	2.00-4.00%	5,260,000	655,000
General purpose refunding bonds	2014	2034	2.00-4.00%	7,820,900	5,345,100
General purpose bonds	2015	2022	1.80%	2,845,000	1,050,000
Qualified zone academy bonds	2006	2023	-	500,000	500,000
General purpose bonds	2020	2046	4.00%	14,400,000	14,400,000
General purpose refunding bonds	2020	2030	4.00%	1,895,000	1,895,000
General purpose bonds	2020	2040	4.00%	2,275,000	2,275,000
Total governmental activities					<u>\$ 26,120,100</u>
<b>Business-Type Activities:</b>					
Bonds payable:					
Water bonds, refinanced	2014	2026	2.00-3.00%	\$ 684,100	\$ 364,900
Notes payable- direct borrowings:					
Clean Water note payable	2008	2027	2.00%	668,189	253,192
Clean Water note payable	2012	2032	2.00%	15,408,418	8,988,247
Total business-type activities					<u>\$ 9,606,339</u>

**General Obligation Refunding Bonds**

On October 29, 2019, the Town issued \$1,895,000 of general obligation refunding bonds with an interest rate of 4%. The bonds were issued to refund outstanding principal amounts of the 2019 Series B general obligation refunding bonds. The net proceeds of \$2,057,350 (after an original issue premium of \$183,661 and payment of \$21,311 in underwriter's fees and other issuance costs) were deposited in an irrevocable trust fund under an escrow agreement dated October 29, 2019 between the Escrow Agent and the Town. The Escrow Agent will use such proceeds to purchase a portfolio of the United States Treasury State and Local Government Securities. All investment income on and the maturing principal of the escrow securities held in the escrow deposit fund will be irrevocably deposited by the Town for payment of the refunded bonds. The Town refunded the above bonds to reduce total debt service payments over 11 years by \$127,694 and to obtain an economic gain (difference between the

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present value of the debt service payments on the old and new debt) of \$112,564. As of June 30, 2020, there is no defeased debt outstanding from this refunding. This amount is removed from the governmental activities column of the statement of net position.

Annual debt service requirements to maturity for general obligation bonds and notes payable are as follows:

		<b>Governmental Activities</b>	
		<b>Bonds Payable</b>	
		<b>Principal</b>	<b>Interest</b>
2021	\$	1,538,700	\$ 909,045
2022		1,735,100	863,104
2023		1,990,000	806,027
2024		1,500,000	751,127
2025		1,506,400	695,856
2026-2030		5,774,900	2,754,086
2031-2035		4,900,000	1,695,538
2036-2040		3,595,000	890,929
2041-2045		2,985,000	312,675
2046-2050		595,000	8,925
		<u>\$ 26,120,100</u>	<u>\$ 9,687,312</u>

		<b>Business-Type Activities</b>					
		<b>Bonds Payable</b>		<b>Notes Payable-Direct Borrowings</b>		<b>Total</b>	
		<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2021	\$	66,300	\$ 9,952	\$ 806,768	\$ 177,435	\$ 873,068	\$ 187,387
2022		64,900	7,984	807,502	161,292	872,402	169,276
2023		65,000	6,036	808,250	145,135	873,250	151,171
2024		65,000	4,086	809,014	128,963	874,014	133,049
2025		63,600	2,157	809,792	112,776	873,392	114,933
2026-2030		40,100	601	3,916,074	325,290	3,956,174	325,891
2031-2035				1,284,039	22,471	1,284,039	22,471
		<u>\$ 364,900</u>	<u>\$ 30,816</u>	<u>\$ 9,241,439</u>	<u>\$ 1,073,362</u>	<u>\$ 9,606,339</u>	<u>\$ 1,104,178</u>



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The Town is subject to the General Statutes of Connecticut, which limits the amount of debt outstanding at June 30, 2020 to the following:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 89,071,000	\$ 52,612,000	\$ 36,459,000
Schools	178,142,000	130,680,000	47,462,000
Sewers	148,451,000	14,741,000	133,710,000
Urban renewal	128,658,000	-	128,658,000
Pension deficit	118,761,000	-	118,761,000

Total debt outstanding may not exceed seven times annual receipts from taxation of \$277,105,745.

**Authorized but Unissued Bonds**

The total of authorized but unissued bonds at June 30, 2020 is \$149,172,454. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

**Bond Anticipation Notes**

<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 01, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2020</u>
3/7/2019	8/21/19	3.00%	\$ 17,000,000	\$	\$ 17,000,000	\$ -
8/21/2019	2/21/20	2.81%	\$ -	\$ 17,000,000	\$ 17,000,000	\$ -
10/29/2019	10/1/20	3.00%	-	13,500,000		13,500,000
			<u>\$ 17,000,000</u>	<u>\$ 30,500,000</u>	<u>\$ 34,000,000</u>	<u>\$ 13,500,000</u>

The bond anticipation notes were issued to fund various projects of the Town.

**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 8 years are estimated to be \$56,000. 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.

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**8. FUND BALANCE**

The components of fund balance for the governmental funds at June 30, 2020 are as follows:

	<u>General Fund</u>	<u>Educational Grants Fund</u>	<u>Capital Improvement Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Inventory	\$ 127,278	\$	\$	\$ 45,438	\$ 172,716
Permanent fund principal				298,896	298,896
Restricted for:					
General government				8,202	8,202
Education				814,761	814,761
Public safety				110,932	110,932
Public works				332,243	332,243
Recreation programs				132,095	132,095
Library				17,139	17,139
Historic preservation				29,784	29,784
Small cities				241,098	241,098
C-Pace				1,050	1,050
Capital projects				261,409	261,409
Debt service	424,650			776,361	1,201,011
Cemetery				123,536	123,536
King trust				422,597	422,597
Unassigned	<u>7,657,040</u>		<u>(8,798,956)</u>	<u>(796,177)</u>	<u>(1,938,093)</u>
Total Fund Balances	<u>\$ 8,208,968</u>	<u>\$</u>	<u>\$ (8,798,956)</u>	<u>\$ 2,819,364</u>	<u>\$ 2,229,376</u>

**EMPLOYEE RETIREMENT PLAN**

**A. Pension Trust Fund**

**Plan Description**

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.

The Town Manager and Finance Director serve as the pension plan board and work in conjunction with the Town's investment advisors to manage the portfolio based on the asset allocation strategy and procedures described in the Town's Investment Policy Statement.

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**Benefit Provisions**

*Municipal Pension Plan*

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

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

Administrative costs are paid by the plan.

*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 are paid by the plan.

*Police and Fire 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)

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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.

Administrative costs are paid by the plans.

As of the latest actuarial valuation the membership of the plans consisted of the following:

	<u>Municipal</u>	<u>Board of Education</u>	<u>Policemen</u>	<u>Firefighters</u>
Retirees and beneficiaries receiving benefits	41	97	40	31
Terminated employees entitled to benefits but not yet receiving them	70	61	3	2
Active plan members	<u>93</u>	<u>111</u>	<u>46</u>	<u>28</u>
Total Participants	<u>204</u>	<u>269</u>	<u>89</u>	<u>61</u>

**Summary of Significant Accounting Policies**

**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.

**Method Used to Value Investments**

Investments are reported at fair value. Investment income is recognized as earned.

**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.

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**Rate of Return**

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended June 30, 2020, the annual money-weighted rate of return on pension investments, net of pension plan investment expense, was as follows:

	<u>Municipal</u>	<u>Board of Education</u>	<u>Police</u>	<u>Fire</u>
Money weighted rate of return	0.98%	1.04%	1.02%	0.26%

**Net Pension Liability of the Town**

The components of the net pension liability of the Town at June 30, 2020 were as follows:

	<u>Municipal</u>	<u>Board of Education</u>	<u>Policemen's</u>	<u>Firefighter's</u>	<u>Total</u>
Total pension liability	\$ 23,852,073	\$ 12,808,619	\$ 27,883,919	\$ 15,966,673	\$ 80,511,284
Plan fiduciary net position	<u>18,552,306</u>	<u>9,952,954</u>	<u>23,129,180</u>	<u>13,438,993</u>	<u>65,073,433</u>
Net Pension Liability	<u>\$ 5,299,767</u>	<u>\$ 2,855,665</u>	<u>\$ 4,754,739</u>	<u>\$ 2,527,680</u>	<u>\$ 15,437,851</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>77.78%</u>	<u>77.71%</u>	<u>82.95%</u>	<u>84.17%</u>	<u>80.83%</u>

**Actuarial Assumptions**

The total pension liability was measured as of June 30, 2020 and it was determined by an actuarial valuation as of July 1, 2019 Board of Education, Police and Fire plans and January 1, 2019 for the Town plan, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Municipal</u>	<u>Board of Education</u>	<u>Police</u>	<u>Fire</u>
Actuarial valuation date	1/1/2019	7/1/2019	7/1/2019	7/1/2019
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Investment rate of return	7.00%	6.50%	7.00%	7.00%
Projected salary increase	3.00%	3.00%	4.50%	4.50%
Inflation rate	2.50%	2.75%	2.50%	2.50%
Measurement date	6/30/2020	6/30/2020	6/30/2020	6/30/2020

Mortality rates for the Municipal, Police and Fire were based on Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2019. Mortality rates for the Board of Education were based on PubG-2010 Mortality Table with generational projection per the MP Ultimate Scale.

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A full actuarial experience study has not been completed for the plans.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Pension plan's target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 (see the discussion of the pension plan's investment policy) are summarized in the following tables:

*Town, Policemen and Firefighter Pension Plans*

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap Growth Equity	16.90 %	7.00 %
Large Cap Value Equity	16.90	7.00
Mid Cap Growth Equity	1.05	7.60
Mid Cap Value Equity	1.05	7.60
Small Cap Core Equity	0.08	8.10
International Equity	25.52	6.80
Emerging Markets Equity	3.50	8.60
U.S. Short Term Taxable Fixed Income	14.39	3.00
U.S. Intermediate Taxable Fixed Income	19.21	3.00
Cash	1.40	1.00
Total	<u>100.00 %</u>	

*Board of Education Pension Plans*

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Core Fixed Income	65.00 %	2.28 %
U.S. Large Caps	20.00	4.46
U.S. Small Caps	3.00	5.79
U.S. Mid Caps	7.00	4.84
Foreign Developed Equity	5.00	6.09
Total	<u>100.00 %</u>	

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**Changes in the Net Pension Liability**

<b>Municipal Employees' Pension Plan</b>			
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
Balances as of July 1, 2019	\$ 21,770,121	\$ 18,379,911	\$ 3,390,210
Changes for the year:			
Service cost	493,089		493,089
Interest on total pension liability	1,530,509		1,530,509
Effect of economic/demographic (gains) or losses	351,963		351,963
Effect of assumption changes or inputs	517,690		517,690
Employer contributions		717,402	(717,402)
Member contributions		89,619	(89,619)
Net investment income		176,673	(176,673)
Benefit payments, including refund to employee contributions	(811,299)	(811,299)	-
Net changes	<u>2,081,952</u>	<u>172,395</u>	<u>1,909,557</u>
Balances as of June 30, 2020	<u>\$ 23,852,073</u>	<u>\$ 18,552,306</u>	<u>\$ 5,299,767</u>

<b>Board of Education Retirement Fund</b>			
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
Balances as of July 1, 2019	\$ 11,119,663	\$ 10,026,231	\$ 1,093,432
Changes for the year:			
Service cost	242,829		242,829
Interest on total pension liability	719,631		719,631
Effect of economic/demographic (gains) or losses	421,996		421,996
Effect of assumption changes or inputs	896,299		896,299
Employer contributions		480,450	(480,450)
Net investment income		102,509	(102,509)
Benefit payments, including refund to employee contributions	(591,799)	(591,799)	-
Administrative expenses		(64,437)	64,437
Net changes	<u>1,688,956</u>	<u>(73,277)</u>	<u>1,762,233</u>
Balances as of June 30, 2020	<u>\$ 12,808,619</u>	<u>\$ 9,952,954</u>	<u>\$ 2,855,665</u>

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**Policemen's Pension Plan**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2019	\$ 24,959,273	\$ 22,889,724	\$ 2,069,549
Changes for the year:			
Service cost	916,816		916,816
Interest on total pension liability	1,763,705		1,763,705
Effect of economic/demographic (gains) or losses	928,825		928,825
Effect of assumption changes or inputs	699,304		699,304
Employer contributions		1,128,597	(1,128,597)
Member contributions		265,902	(265,902)
Net investment income		228,961	(228,961)
Benefit payments, including refund to employee contributions	(1,384,004)	(1,384,004)	-
Net changes	<u>2,924,646</u>	<u>239,456</u>	<u>2,685,190</u>
Balances as of June 30, 2020	<u>\$ 27,883,919</u>	<u>\$ 23,129,180</u>	<u>\$ 4,754,739</u>

**Firefighters's Pension Plan**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2019	\$ 15,100,922	\$ 13,347,641	\$ 1,753,281
Changes for the year:			
Service cost	485,637		485,637
Interest on total pension liability	1,063,620		1,063,620
Effect of economic/demographic (gains) or losses	(132,611)		(132,611)
Effect of assumption changes or inputs	246,605		246,605
Employer contributions		683,071	(683,071)
Member contributions		171,765	(171,765)
Net investment income		34,016	(34,016)
Benefit payments, including refund to employee contributions	(797,500)	(797,500)	-
Administrative expenses		0	0
Net changes	<u>865,751</u>	<u>91,352</u>	<u>774,399</u>
Balances as of June 30, 2020	<u>\$ 15,966,673</u>	<u>\$ 13,438,993</u>	<u>\$ 2,527,680</u>



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**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 plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current and active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

	<u>Municipal</u>	<u>Board of Education</u>	<u>Police</u>	<u>Fire</u>
Discount Rate	7.00%	6.50%	7.00%	7.00%

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

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

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Municipal Pension Plan	\$ <u>8,458,904</u>	\$ <u>5,299,767</u>	\$ <u>2,650,818</u>
	<u>1% Decrease (5.50%)</u>	<u>Current Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Board of Education Pension Plan	\$ <u>4,443,030</u>	\$ <u>2,855,665</u>	\$ <u>1,525,458</u>
	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Police Pension Plan	\$ <u>8,434,861</u>	\$ <u>4,754,739</u>	\$ <u>1,727,727</u>

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	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Fire Pension Plan	\$ <u>4,431,301</u>	\$ <u>2,527,680</u>	\$ <u>933,736</u>

**Combining Schedule of Net Position**

	<b>Pension Trust Funds</b>				
	<b>Municipal Employees' Pension</b>	<b>Board of Education Employees' Pension</b>	<b>Policemen's Pension</b>	<b>Firemen's Pension</b>	<b>Total</b>
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,435,095	\$ 193,644	\$ 1,123,514	\$ 583,601	\$ 3,335,854
Investments, at fair value:					
U.S. government securities	1,658,310			1,607,882	3,266,192
Corporate bonds	2,587,386		5,829,736	1,918,857	10,335,979
Common stock	11,453,225	4,733,087	14,373,754	8,290,440	38,850,506
Mutual Funds	1,398,831	403,956	1,803,629	1,018,316	4,624,732
Collective trusts		<u>4,622,267</u>			<u>4,622,267</u>
Total investments	<u>17,097,752</u>	<u>9,759,310</u>	<u>22,007,119</u>	<u>12,835,495</u>	<u>61,699,676</u>
Receivable	<u>19,459</u>			<u>22,866</u>	<u>42,325</u>
Total assets	<u>18,552,306</u>	<u>9,952,954</u>	<u>23,130,633</u>	<u>13,441,962</u>	<u>65,077,855</u>
<b>Liabilities:</b>					
Accounts payable			<u>1,453</u>	<u>2,969</u>	<u>4,422</u>
<b>Net Position:</b>					
Restricted for Pension Benefits	<u>\$ 18,552,306</u>	<u>\$ 9,952,954</u>	<u>\$ 23,129,180</u>	<u>\$ 13,438,993</u>	<u>\$ 65,073,433</u>

**TOWN OF WINDHAM, CONNECTICUT  
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**Combining Schedule of Changes in Plan Net Position**

	<b>Pension Trust Funds</b>				<b>Total</b>
	<b>Municipal Employees' Pension</b>	<b>Board of Education Employees' Pension</b>	<b>Policemen's Pension</b>	<b>Firemen's Pension</b>	
Additions:					
Contributions:					
Employer	\$ 717,402	\$ 480,450	\$ 1,128,597	\$ 683,071	\$ 3,009,520
Plan members	89,619		265,902	171,765	527,286
Total contributions	<u>807,021</u>	<u>480,450</u>	<u>1,394,499</u>	<u>854,836</u>	<u>3,536,806</u>
Investment earnings:					
Net increase in fair value of investments	(317,913)	(275,553)	(417,071)	(335,058)	(1,345,595)
Interest and dividends	511,736	378,062	655,557	377,149	1,922,504
Total investment gain	193,823	102,509	238,486	42,091	576,909
Less investment expenses:					
Investment management fees	17,150		9,525	8,075	34,750
Net investment gain	<u>176,673</u>	<u>102,509</u>	<u>228,961</u>	<u>34,016</u>	<u>542,159</u>
Total additions	<u>983,694</u>	<u>582,959</u>	<u>1,623,460</u>	<u>888,852</u>	<u>4,078,965</u>
Deductions:					
Benefits	811,299	591,799	1,384,004	797,500	3,584,602
Administrative expense		64,437			64,437
Total deductions	<u>811,299</u>	<u>656,236</u>	<u>1,384,004</u>	<u>797,500</u>	<u>3,649,039</u>
Change in net position	172,395	(73,277)	239,456	91,352	429,926
Net Position at Beginning of Year	<u>18,379,911</u>	<u>10,026,231</u>	<u>22,889,724</u>	<u>13,347,641</u>	<u>64,643,507</u>
Net Position at End of Year	<u>\$ 18,552,306</u>	<u>\$ 9,952,954</u>	<u>\$ 23,129,180</u>	<u>\$ 13,438,993</u>	<u>\$ 65,073,433</u>

**TOWN OF WINDHAM, CONNECTICUT  
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**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

<b>Deferred Outflows of Resources</b>					
	<b>Municipal Employees' Pension</b>	<b>Board of Education Employees' Pension</b>	<b>Policemen's Pension</b>	<b>Firemen's Pension</b>	<b>Total</b>
Differences between expected and actual experience	\$ 783,400	\$ 311,342	\$ 865,641	\$	\$ 1,960,383
Changes of assumptions	1,458,654	647,327	919,914	409,565	3,435,460
Net difference between projected and actual earning on pension plan investments	<u>579,481</u>	<u>452,270</u>	<u>1,223,006</u>	<u>805,685</u>	<u>3,060,442</u>
Total	<u>\$ 2,821,535</u>	<u>\$ 1,410,939</u>	<u>\$ 3,008,561</u>	<u>\$ 1,215,250</u>	<u>\$ 8,456,285</u>

<b>Deferred Inflows of Resources</b>					
	<b>Municipal Employees' Pension</b>	<b>Board of Education Employees' Pension</b>	<b>Policemen's Pension</b>	<b>Firemen's Pension</b>	<b>Total</b>
Differences between expected and actual experience	\$ 101,029	\$ 41,025	\$ 229,943	\$ 587,207	\$ 959,204
Changes of assumptions			218,531	139,772	358,303
Total	<u>\$ 101,029</u>	<u>\$ 41,025</u>	<u>\$ 448,474</u>	<u>\$ 726,979</u>	<u>\$ 1,317,507</u>

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

<b>Year Ending June 30</b>	<b>Municipal Employees' Pension</b>	<b>Board of Education Employees' Pension</b>	<b>Policemen's Pension</b>	<b>Firemen's Pension</b>	<b>Total</b>
2021	\$ 617,682	\$ 478,111	\$ 684,319	\$ 199,674	\$ 1,979,786
2022	722,062	472,118	489,678	63,399	1,747,257
2023	578,457	310,805	369,829	15,466	1,274,557
2024	578,358	108,880	464,329	189,173	1,340,740
2025	144,890		176,207	18,687	339,784
Thereafter	79,057		375,725	1,872	456,654

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For the year ended June 30, 2020, the Town recognized pension expense of \$3,929,492 as follows:

	<b>Pension Expense</b>
Municipal Pension Plan	\$ 1,435,336
Board of Education Pension Plan	933,775
Police Pension Plan	1,184,825
Fire Pension Plan	<u>375,556</u>
Total	<u>\$ 3,929,492</u>

**Aggregate Pension Information**

The Town recognized the following amounts related to pension plans as of and for the year ended June 30, 2020:

	<b>Net Pension Liability</b>	<b>Pension Expense</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Municipal Pension Plan	\$ 5,299,767	\$ 1,435,336	\$ 2,821,535	\$ 101,029
Board of Education Pension Plan	2,855,665	933,775	1,410,939	41,025
Police Pension Plan	4,754,739	1,184,825	3,008,561	448,474
Fire Pension Plan	2,527,680	375,556	1,215,250	726,979
Connecticut Teachers Retirement System	<u>                    </u>	<u>12,686,133</u>	<u>                    </u>	<u>                    </u>
Total	<u>\$ 15,437,851</u>	<u>\$ 16,615,625</u>	<u>\$ 8,456,285</u>	<u>\$ 1,317,507</u>

**B. Connecticut Teachers Retirement System - Pension**

**Plan Description**

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

**Benefit Provisions**

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

**TOWN OF WINDHAM, CONNECTICUT  
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**Normal Retirement**

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

**Early Retirement**

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

**Disability Retirement**

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

**Contributions**

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

*Employer (School Districts)*

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

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

For the year ended June 30, 2020, the amount of "on-behalf" contributions made by the State was \$7,818,725 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

*Employees*

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

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

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

At June 30, 2020, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

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Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>103,292,937</u>
Total	\$	<u><u>103,292,937</u></u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. At June 30, 2020, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2020, the Town recognized pension expense and revenue of \$12,686,133 in Exhibit II.

**Actuarial Assumptions**

The total pension 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	2.50%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

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.

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

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

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

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset

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class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The current capital market assumptions and the target asset allocation as provided by the State of Connecticut Treasurer's Office are summarized in the following table:

Asset Class	Expected Return	Target Allocation	Standard Deviation
Public Equity - US Equity	8.10 %	20.00 %	17.00 %
Public Equity - International Developed Equity	8.50	11.00	19.00
Public Equity - Emerging Markets Equity	10.40	9.00	24.00
Fixed Income - Core Fixed Income	4.60	16.00	7.00
Fixed Income - Inflation Linked Bonds	3.60	5.00	7.00
Fixed Income - High Yield	6.50	6.00	11.00
Fixed Income - Emerging Market Debt	5.20	5.00	11.00
Private Equity	9.80	10.00	23.00
Real Estate	7.00	10.00	15.00
Alternative Investments - Real Assets	8.20	4.00	17.00
Alternative Investments - Hedge Funds	5.40	3.00	7.00
Liquidity Fund	2.90	1.00	1.00
Total		100.0 %	

**Discount Rate**

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

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

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

**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.

**C. 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.



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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.

**10. OTHER POSTEMPLOYMENT BENEFITS**

**A. Retiree Benefit Program**

**Plan Description**

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

The Town currently pays for postemployment health care benefits on a pay-as-you-go basis. As of June 30, 2020, the Town has not established a trust fund to irrevocably segregate assets to fund liability associated with the postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines. The contribution requirements of plan members and the Town are also negotiated with the various unions representing the employees.

At July 1, 2018, plan membership consisted of the following:

	<b>Retiree Benefit Program</b>
Retired and beneficiaries receiving benefits	33
Active plan members	538
	571

**Benefit Provided**

The Town plan provides for medical benefits for all eligible Board of Education retirees. The Town plan provides self-insured medical and prescription drug coverage for all eligible teachers and administrators retiring from the Teachers Retirement Act. The retiree pays 100% of the premium less the state subsidy for medical coverage for either the lifetime of the employee and spouse or until participating in Medicare. Surviving spouses are eligible to continue coverage upon death of the retiree by continuing to pay 100% of the premium less the state subsidy for medical coverage. The results are highly dependent on two key assumptions: the assumed rate at which medical costs will increase over time and the discount rate used to translate future payments into current dollars.

**Total OPEB Liability**

The Town’s total OPEB liability of \$13,397,020 was measured as of June 30, 2020 and was determined by an actuarial valuation dated July 1, 2018.

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**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Salary increases	2.50%
Discount rate	2.21%
Healthcare cost trend rates	7.00% in 2018, reducing by .5% each year to an ultimate rate of 4.50% per year rate for 2023 and later
Retirees' share of benefit-related costs	Varies by group from 10% to 100%
Mortality rates:	RP-2014 adjusted to 2006 total dataset mortality table projected to valuation date with Scale MP-2018.

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

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

**Changes in the Total OPEB Liability**

	<b><u>Total OPEB Liability</u></b>
Balances as of July 1, 2019	\$ <u>10,908,086</u>
Changes for the year:	
Service cost	601,722
Interest on total OPEB liability	405,313
Effect of economic/demographic gains or losses	(424,692)
Changes in assumptions or other inputs	1,830,776
Benefit payments	<u>75,815</u>
Net changes	<u>2,488,934</u>
Balances as of June 30, 2020	\$ <u><u>13,397,020</u></u>

**TOWN OF WINDHAM, CONNECTICUT  
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**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

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

	<u>1% Decrease (1.21%)</u>	<u>Current Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Total OPEB Liability	\$ <u>15,078,890</u>	\$ <u>13,397,020</u>	\$ <u>11,957,228</u>

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

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ <u>11,455,727</u>	\$ <u>13,397,020</u>	\$ <u>15,773,975</u>

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2020, the Town recognized OPEB expense of \$450,056. At June 30, 2020, the Town reported deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 7,216,905
Changes in assumptions	<u>2,345,281</u>	<u>452,356</u>
Total	\$ <u>2,345,281</u>	\$ <u>7,669,261</u>

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

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**Year Ending June 30**

2021	\$	(504,605)
2022		(504,605)
2023		(504,605)
2024		(504,605)
2025		(504,605)
Thereafter		(2,800,955)

**B. Other Post Employment Benefit - Connecticut State Teachers Retirement 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 of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at [www.ct.gov/trb](http://www.ct.gov/trb).

**Benefit Provisions**

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

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

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

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who

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cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option must wait two years to re-enroll.

**Survivor Health Care Coverage**

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

**Eligibility**

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

**Credited Service**

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

**Normal Retirement**

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

**Early Retirement**

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

**Proratable Retirement**

Age 60 with 10 years of Credited Service.

**Disability Retirement**

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

**Termination of Employment**

Ten or more years of Credited Service.

**Contributions**

*State of Connecticut*

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State 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.

**TOWN OF WINDHAM, CONNECTICUT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020**

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*Employer (School Districts)*

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

For the year ended June 30, 2020, the amount of “on-behalf” contributions made by the State was \$213,692 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

*Employees/Retirees*

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

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

At June 30, 2020, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town’s proportionate share of the net OPEB liability	\$ -
State’s proportionate share of the net OPEB liability associated with the Town	<u>16,109,117</u>
Total	<u><u>\$ 16,109,117</u></u>

The net OPEB liability was measured as of June 30, 2019, 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, 2020, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2020, the Town recognized OPEB expense and revenue of \$(1,178,810) in Exhibit II.

**TOWN OF WINDHAM, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**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	2.50%
Health care costs trend rate:	
Pre-Medicare	5.95% decreasing to 4.75% by 2025
Medicare	5.00% decreasing to 4.75% by 2028
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.

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 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.41%).

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.50%. 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.

**TOWN OF WINDHAM, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**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).

**11. 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.

A summary of claims activity for health and workers’ compensation risks for the years ended June 30, 2020 and 2019 are as follows:

	<b>Liability July 1,</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Liability June 30,</b>
2018-19	\$ 1,393,811	\$ 11,658,118	\$ 11,192,269	\$ 1,859,660
2019-20	1,859,660	10,574,986	10,030,795	2,403,851



**TOWN OF WINDHAM, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2020. 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.

**12. 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.

**13. SUBSEQUENT EVENTS**

On September 22, 2020, the Town issued \$23,205,000 in General Obligation Bonds with a coupon rate between 4.0% and 5.0%. These bonds were issued to fund various capital improvement projects and for refinancing of clean water notes.

On September 22, 2020, the Town issued \$30,940,000 of General Obligation Bond Anticipation Notes, with a coupon rate of 2.0%. These notes were issued to fund various capital improvement projects.

**14. CORONAVIRUS (COVID-19)**

On January 30, 2020, the World Health Organization declared the coronavirus to be a public health emergency. On March 10, 2020, the Governor of the State of Connecticut declared a public health emergency and a civil preparedness emergency due to COVID-19.

The City derives a significant portion of its revenues from property taxes. While the City has not experienced any significant increase in the amount of delinquency from its taxpayers, the situation creates uncertainty about the impact of future revenues that might be generated. In addition, at this time, it is uncertain what the effects of the pandemic will be on the City's health care costs, changes in interest rates, investment valuation and the future federal or state fiscal relief.

# Required Supplementary Information

**TOWN OF WINDHAM, CONNECTICUT  
GENERAL FUND  
COMBINED SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL - BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes, interest and lien fees	\$ 41,629,385	\$ 41,629,385	\$ 40,973,320	\$ (656,065)
Intergovernmental	30,328,552	30,328,552	30,426,650	98,098
Licenses and permits	610,038	610,038	371,724	(238,314)
Fines, forfeitures and penalties	113,750	113,750	85,646	(28,104)
Charges for services	2,036,700	2,036,700	1,947,920	(88,780)
Investment income	10,000	10,000	106,709	96,709
Other	139,000	139,000	263,317	124,317
Total revenues	<u>74,867,425</u>	<u>74,867,425</u>	<u>74,175,286</u>	<u>(692,139)</u>
Expenditures:				
Current:				
General government	2,666,289	2,789,852	2,788,136	1,716
Public safety	1,982,072	1,984,292	1,746,450	237,842
Public works	3,762,420	3,709,520	3,398,738	310,782
Human services	588,677	588,577	569,612	18,965
Civic and cultural	933,374	933,374	904,384	28,990
Planning and development	437,749	458,349	458,024	325
Education	47,976,055	47,976,055	47,976,055	-
Other	3,444,821	3,433,533	3,508,901	(75,368)
Police	7,229,411	7,231,211	6,946,427	284,784
Fire	3,020,985	3,019,185	2,918,095	101,090
Debt service	2,472,000	2,472,187	2,118,298	353,889
Contingency	150,000	56,380		56,380
Total expenditures	<u>74,663,853</u>	<u>74,652,515</u>	<u>73,333,120</u>	<u>1,319,395</u>
Other financing source (uses):				
Transfer in	386,000	386,000	385,102	(898)
Transfer out	(448,572)	(459,910)	(459,881)	29
Total other financing source (uses)	<u>(62,572)</u>	<u>(73,910)</u>	<u>(74,779)</u>	<u>(869)</u>
Excess of revenues and other sources over expenditures and other uses	<u>\$ 141,000</u>	<u>\$ 141,000</u>	<u>\$ 767,387</u>	<u>\$ 626,387</u>

**TOWN OF WINDHAM, CONNECTICUT  
GENERAL FUND  
COMBINED SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL - BUDGETARY BASIS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

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**Reconciliation of Budgetary Revenues, Expenditures to GAAP Revenues and Expenditures:**

	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Balance, budgetary basis	\$ 74,560,388	\$ 73,793,001
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted:		
Pension	7,818,725	7,818,725
OPEB	213,692	213,692
The Board of Education does not budget for certain intergovernmental grants, which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial statement purposes.	725,309	725,309
Transfer out - budgetary purposes only		(50,000)
Principal debt payment held in escrow		(37,089)
Reclassified to general fund due to GASB No. 54	28,831	63,171
Transfer elimination due to GASB No. 54	<u>(153,831)</u>	<u>(153,831)</u>
Balance, GAAP basis	<u>\$ 83,193,114</u>	<u>\$ 82,372,978</u>

**TOWN OF WINDHAM, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS**  
**LAST SEVEN FISCAL YEARS\***

**MUNICIPAL PENSION PLAN**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:							
Service cost	\$ 493,089	\$ 502,866	\$ 447,886	\$ 434,840	\$ 369,204	\$ 339,526	\$ 328,517
Interest	1,530,509	1,437,039	1,325,414	1,186,369	1,046,867	951,896	863,773
Effect of plan changes					83,448	82,157	79,178
Difference between expected and actual experience	351,963	144,380	(180,790)	668,663	247,009	135,707	137,143
Effect of assumption changes or inputs	517,690		1,824,191				
Benefit payments, including refunds of member contributions	(811,299)	(669,517)	(561,144)	(340,816)	(283,451)	(234,991)	(204,272)
Net change in total pension liability	2,081,952	1,414,768	2,855,557	1,949,056	1,463,077	1,274,295	1,204,339
Total pension liability - beginning	21,770,121	20,355,353	17,499,796	15,550,740	14,087,663	12,813,368	11,609,029
Total pension liability - ending	<u>23,852,073</u>	<u>21,770,121</u>	<u>20,355,353</u>	<u>17,499,796</u>	<u>15,550,740</u>	<u>14,087,663</u>	<u>12,813,368</u>
Plan fiduciary net position:							
Contributions - employer	717,402	614,335	829,133	560,000	518,719	496,485	629,646
Contributions - member	89,619	91,936	88,394	86,153	83,448	82,157	79,178
Net investment income	176,673	1,822,676	531,307	1,713,797	148,346	638,156	1,323,945
Benefit payments, including refunds of member contributions	(811,299)	(669,517)	(561,144)	(340,816)	(283,451)	(234,991)	(204,272)
Net change in plan fiduciary net position	172,395	1,859,430	887,690	2,019,134	467,062	981,807	1,828,497
Plan fiduciary net position - beginning	18,379,911	16,520,481	15,632,791	13,613,657	13,146,595	12,164,788	10,336,291
Plan fiduciary net position - ending	<u>18,552,306</u>	<u>18,379,911</u>	<u>16,520,481</u>	<u>15,632,791</u>	<u>13,613,657</u>	<u>13,146,595</u>	<u>12,164,788</u>
Net Pension Liability (Asset) - Ending	<u>\$ 5,299,767</u>	<u>\$ 3,390,210</u>	<u>\$ 3,834,872</u>	<u>\$ 1,867,005</u>	<u>\$ 1,937,083</u>	<u>\$ 941,068</u>	<u>\$ 648,580</u>
Plan fiduciary net position as a percentage of the total pension liability	77.78%	84.43%	81.16%	89.33%	87.54%	93.32%	94.94%
Covered payroll	\$ 6,207,765	\$ 6,028,323	\$ 6,039,928	\$ 5,926,104	\$ 5,753,499	\$ 5,729,056	\$ 5,301,533
Net pension liability (asset) as a percentage of covered payroll	85.37%	56.24%	63.49%	31.50%	33.67%	16.43%	12.23%

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

**Notes to Schedule:**

Benefit changes: None

Assumption changes:  
Inflation

2.50%; Prior 2.75%

Mortality

Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2019. Prior: RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2017

**TOWN OF WINDHAM, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**LAST SEVEN FISCAL YEARS\***

**BOARD OF EDUCATION PENSION PLAN**

	2020	2019	2018	2017	2016	2015	2014
Total pension liability:							
Service cost	\$ 242,829	\$ 263,400	\$ 255,793	\$ 278,939	\$ 260,773	\$ 248,566	\$ 250,042
Interest	719,631	700,556	671,537	637,854	608,513	563,878	539,091
Effect of plan changes							
Effect of economic/demographic (gains) or losses	421,996	(89,289)	34,716	113,754	194,946	(39,598)	
Effect of assumption changes or inputs	896,299				(268,239)		
Benefit payments, including refunds of member contributions	(591,799)	(530,417)	(516,210)	(463,024)	(409,942)	(380,356)	(356,651)
Net change in total pension liability	1,688,956	344,250	445,836	567,523	386,051	392,490	432,482
Total pension liability - beginning	11,119,663	10,775,413	10,329,577	9,762,054	9,376,003	8,983,513	8,551,031
Total pension liability - ending	12,808,619	11,119,663	10,775,413	10,329,577	9,762,054	9,376,003	8,983,513
Plan fiduciary net position:							
Contributions - employer	480,450	306,355	485,352	465,555	411,800	406,309	367,393
Net investment income	102,509	704,053	440,892	536,867	330,997	205,472	449,023
Benefit payments, including refunds of member contributions	(591,799)	(530,417)	(516,210)	(463,024)	(409,942)	(380,356)	(356,651)
Administrative expense	(64,437)	(68,639)	(72,623)	(72,602)	(73,255)	(91,584)	(80,084)
Net change in plan fiduciary net position	(73,277)	411,352	337,411	466,796	259,600	139,841	379,681
Plan fiduciary net position - beginning	10,026,231	9,614,879	9,277,468	8,810,672	8,551,072	8,411,231	8,031,550
Plan fiduciary net position - ending	9,952,954	10,026,231	9,614,879	9,277,468	8,810,672	8,551,072	8,411,231
Net Pension Liability - Ending	\$ 2,855,665	\$ 1,093,432	\$ 1,160,534	\$ 1,052,109	\$ 951,382	\$ 824,931	\$ 572,282
Plan fiduciary net position as a percentage of the total pension liability	77.71%	90.17%	89.23%	89.81%	90.25%	91.20%	93.63%
Covered payroll	\$ 4,405,690	\$ 4,204,969	\$ 4,453,739	\$ 4,119,506	\$ 3,797,635	\$ 3,797,294	\$ 3,776,596
Net pension liability as a percentage of covered payroll	64.82%	26.00%	26.06%	25.54%	25.05%	21.72%	15.15%

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

**Notes to Schedule:**

Benefit changes:

None

Assumption changes:

Mortality

PubG-2010 Mortality Table with generational projection per the MP Ultimate Scale  
Prior: RP-2000 Combined Healthy Mortality with generational projection per Scale AA

**TOWN OF WINDHAM, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**LAST SEVEN FISCAL YEARS\***

**POLICEMEN'S PENSION PLAN**

	2020	2019	2018	2017	2016	2015	2014
Total pension liability:							
Service cost	\$ 916,816	\$ 877,336	\$ 879,570	\$ 841,694	\$ 623,532	\$ 599,536	\$ 570,987
Interest	1,763,705	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	928,825		89,436		(549,303)		
Changes of assumptions	699,304		(349,652)		741,184		
Benefit payments, including refunds of member contributions	(1,384,004)	(1,359,382)	(1,282,348)	(1,065,062)	(991,702)	(792,553)	(737,935)
Net change in total pension liability	2,924,646	1,196,022	951,290	1,304,431	3,165,415	1,114,813	1,061,164
Total pension liability - beginning	24,959,273	23,763,251	22,811,961	21,507,530	18,342,115	17,227,302	16,166,138
Total pension liability - ending	27,883,919	24,959,273	23,763,251	22,811,961	21,507,530	18,342,115	17,227,302
Plan fiduciary net position:							
Contributions - employer	1,128,597	1,079,997	1,055,252	1,009,811		753,269	816,486
Contributions - member	265,902	252,301	250,922	244,526	233,545	214,434	202,966
Net investment income	228,961	1,981,666	774,811	369,028	2,841,554	94,856	2,457,309
Benefit payments, including refunds of member contributions	(1,384,004)	(1,359,382)	(1,282,348)	(1,065,062)	(991,702)	(792,553)	(737,935)
Administrative expense							
Net change in plan fiduciary net position	239,456	1,954,582	798,637	558,303	2,083,397	270,006	2,738,826
Plan fiduciary net position - beginning	22,889,724	20,935,142	20,136,505	19,578,202	17,494,805	17,224,799	14,485,973
Plan fiduciary net position - ending	23,129,180	22,889,724	20,935,142	20,136,505	19,578,202	17,494,805	17,224,799
Net Pension Liability - Ending	\$ 4,754,739	\$ 2,069,549	\$ 2,828,109	\$ 2,675,456	\$ 1,929,328	\$ 847,310	\$ 2,503
Plan fiduciary net position as a percentage of the total pension liability	82.95%	91.71%	88.10%	88.27%	91.03%	95.38%	99.99%
Covered payroll	\$ 3,042,478	\$ 2,891,105	\$ 2,766,608	\$ 2,952,695	\$ 2,825,545	\$ 2,764,927	\$ 2,633,264
Net pension liability as a percentage of covered payroll	156.28%	71.58%	102.22%	90.61%	68.28%	30.64%	0.10%

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

**Notes to Schedule:**

Benefit changes: None

Assumption changes:

Inflation 2.50%; Prior 2.75%

Mortality Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2019. Prior: RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2017

**TOWN OF WINDHAM, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**LAST SEVEN FISCAL YEARS\***

**FIREMEN'S PENSION PLAN**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:							
Service cost	\$ 485,637	\$ 464,724	\$ 473,620	\$ 453,225	\$ 430,295	\$ 413,736	\$ 394,034
Interest	1,063,620	1,014,871	1,008,090	958,755	979,024	932,057	884,978
Changes of benefit terms					262,662		
Differences between expected and actual experience	(132,611)		(333,279)		(920,890)		
Changes of assumptions	246,605		(275,033)		610,157		
Benefit payments, including refunds of member contributions	(797,500)	(810,496)	(726,206)	(728,920)	(752,483)	(720,330)	(623,426)
Net change in total pension liability	865,751	669,099	147,192	683,060	608,765	625,463	655,586
Total pension liability - beginning	15,100,922	14,431,823	14,284,631	13,601,571	12,992,806	12,367,343	11,711,757
Total pension liability - ending	<u>15,966,673</u>	<u>15,100,922</u>	<u>14,431,823</u>	<u>14,284,631</u>	<u>13,601,571</u>	<u>12,992,806</u>	<u>12,367,343</u>
Plan fiduciary net position:							
Contributions - employer	683,071	653,656	708,361	677,857		450,000	551,973
Contributions - member	171,765	132,863	164,696	158,040	155,129	143,628	139,703
Net investment income	34,016	1,169,522	449,820	97,074	2,050,630	70,695	1,470,873
Benefit payments, including refunds of member contributions	(797,500)	(810,496)	(726,206)	(728,920)	(752,483)	(720,330)	(623,426)
Net change in plan fiduciary net position	91,352	1,145,545	596,671	204,051	1,453,276	(56,007)	1,539,123
Plan fiduciary net position - beginning	13,347,641	12,202,096	11,605,425	11,401,374	9,948,098	10,004,105	8,464,982
Plan fiduciary net position - ending	<u>13,438,993</u>	<u>13,347,641</u>	<u>12,202,096</u>	<u>11,605,425</u>	<u>11,401,374</u>	<u>9,948,098</u>	<u>10,004,105</u>
Net Pension Liability - Ending	<u>\$ 2,527,680</u>	<u>\$ 1,753,281</u>	<u>\$ 2,229,727</u>	<u>\$ 2,679,206</u>	<u>\$ 2,200,197</u>	<u>\$ 3,044,708</u>	<u>\$ 2,363,238</u>
Plan fiduciary net position as a percentage of the total pension liability	84.17%	88.39%	84.55%	81.24%	83.82%	76.57%	80.89%
Covered payroll	\$ 2,000,400	\$ 1,954,987	\$ 1,870,801	\$ 2,009,650	\$ 1,923,110	\$ 1,884,070	\$ 1,794,352
Net pension liability as a percentage of covered payroll	126.36%	89.68%	119.19%	133.32%	114.41%	161.60%	131.70%

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

**Notes to Schedule:**

Benefit changes:	None
Assumption changes:	
Inflation	2.50%; Prior 2.75%
Mortality	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety ant Teachers), projected to the valuation date with Scale MP-2019. Prior: RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2017



**TOWN OF WINDHAM, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
LAST TEN FISCAL YEARS**

**MUNICIPAL PENSION PLAN**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution*	\$ 716,795	\$ 869,065	\$ 710,445	\$ 660,879	\$ 518,719	\$ 518,719	\$ 496,485	\$ 496,485	\$ 445,550	\$ 312,389
Contributions in relation to the actuarially determined contribution	<u>717,402</u>	<u>614,335</u>	<u>829,133</u>	<u>560,000</u>	<u>518,719</u>	<u>496,485</u>	<u>629,646</u>	<u>496,485</u>	<u>445,550</u>	<u>382,548</u>
Contribution Deficiency (Excess)	\$ <u>(607)</u>	\$ <u>254,730</u>	\$ <u>(118,688)</u>	\$ <u>100,879</u>	\$ <u>-</u>	\$ <u>22,234</u>	\$ <u>(133,161)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(70,159)</u>
Covered payroll	\$ 6,207,765	\$ 6,028,323	\$ 6,039,928	\$ 5,926,104	\$ 5,753,499	\$ 5,729,056	\$ 5,301,533	\$ 5,297,089	\$ 5,266,031	\$ 4,891,794
Contributions as a percentage of covered payroll	11.6%	10.2%	13.7%	9.4%	9.0%	8.7%	11.9%	9.4%	8.5%	7.8%

**Notes to Schedule:**

Valuation date: January 1, 2019  
 Measurement date: June 30, 2020  
 Actuarially determined contribution rates are calculated based on actuarial valuation as of July 1 of the beginning of each fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Open basis - 20 years
Asset valuation method	Market value
Inflation	2.50%; Prior 2.75%
Salary increases	3.00%
Investment rate of return	7.00%
Retirement age	Age 65
Mortality	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety ant Teachers), projected to the valuation date with Scale MP-2019. Prior: RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2017

**TOWN OF WINDHAM, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
LAST TEN FISCAL YEARS**

**BOARD OF EDUCATION PENSION PLAN**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution*	\$ 480,450	\$ 472,355	\$ 485,352	\$ 465,555	\$ 411,800	\$ 406,309	\$ 367,393	\$ 337,885	\$ 319,576	\$ 298,906
Contributions in relation to the actuarially determined contribution	<u>480,450</u>	<u>306,355</u>	<u>485,352</u>	<u>465,555</u>	<u>411,800</u>	<u>406,309</u>	<u>367,393</u>	<u>337,885</u>	<u>319,576</u>	<u>298,906</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ 166,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,405,690	\$ 4,204,969	\$ 4,453,739	\$ 4,119,506	\$ 3,797,635	\$ 3,797,294	\$ 3,776,596	\$ 3,805,941	\$ 3,890,910	\$ 3,797,147
Contributions as a percentage of covered payroll	10.9%	7.3%	10.9%	11.3%	10.8%	10.7%	9.7%	8.9%	8.2%	7.9%

**Notes to Schedule:**

Valuation date: July 1, 2019  
 Measurement date: June 30, 2020  
 Actuarially determined contribution rates are calculated based on actuarial valuation as of July 1 of the beginning of each fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent, closed
Remaining amortization period	20 years
Asset valuation method	5 year smoothed market
Inflation	2.75%
Salary increases	3.00%
Investment rate of return	6.50%
Retirement age	Varies by age
Mortality	PubG-2010 Mortality Table with generational projection per the MP Ultimate Scale Prior: RP-2000 Combined Healthy Mortality with generational projection per Scale AA

**TOWN OF WINDHAM, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
LAST TEN FISCAL YEARS**

**POLICEMEN'S PENSION PLAN**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution*	\$ 1,128,597	\$ 1,079,997	\$ 1,055,252	\$ 1,009,811	\$ 790,769	\$ 753,269	\$ 816,486	\$ 777,583	\$ 782,520	\$ 745,490
Contributions in relation to the actuarially determined contribution	1,128,597	1,079,997	1,055,252	1,009,811	-	753,269	816,486	777,583	782,520	695,142
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ 790,769	\$ -	\$ -	\$ -	\$ -	\$ 50,348
Covered payroll	\$ 3,042,478	\$ 2,891,105	\$ 2,766,608	\$ 2,952,695	\$ 2,825,545	\$ 2,764,927	\$ 2,633,264	\$ 2,633,264	\$ 2,476,451	\$ 2,476,451
Contributions as a percentage of covered payroll	37.1%	37.4%	38.1%	34.2%	0.0%	27.2%	31.0%	29.5%	31.6%	28.1%

**Notes to Schedule:**

Valuation date: July 1, 2019

Measurement date: June 30, 2020

Actuarially determined contribution rates are calculated based on actuarial valuation as of July 1 of the beginning of each fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Open basis - 20 years
Asset valuation method	Market value
Inflation	2.50%; Prior 2.75%
Salary increases	4.50%
Investment rate of return	7.00%
Retirement age	Varies by years of service and age
Mortality	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2019. Prior: RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2017

\* Contribution amounts for fiscal year ending June 30, 2014 and prior are Annual Required Contribution (ARC) under GASB 27.

**TOWN OF WINDHAM, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
LAST TEN FISCAL YEARS**

**FIREMEN'S PENSION PLAN**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution*	\$ 683,071	\$ 653,656	\$ 708,361	\$ 677,857	\$ 714,062	\$ 680,426	\$ 551,973	\$ 526,194	\$ 491,040	\$ 467,717
Contributions in relation to the actuarially determined contribution	683,071	653,656	708,361	677,857	-	450,000	551,973	526,194	491,040	444,479
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ 714,062	\$ 230,426	\$ -	\$ -	\$ -	\$ 23,238
Covered payroll	\$ 2,000,400	\$ 1,954,987	\$ 1,870,801	\$ 2,009,650	\$ 1,923,110	\$ 1,884,070	\$ 1,794,352	\$ 1,794,352	\$ 1,493,434	\$ 1,493,434
Contributions as a percentage of covered payroll	34.1%	33.4%	37.9%	33.7%	0.0%	23.9%	30.8%	29.3%	32.9%	29.8%

**Notes to Schedule:**

Valuation date: July 1, 2019  
Measurement date: June 30, 2020  
Actuarially determined contribution rates are calculated based on actuarial valuation as of July 1 of the beginning of each fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Open basis - 20 years
Asset valuation method	Market value
Inflation	2.50%; Prior 2.75%
Salary increases	4.50%
Investment rate of return	7.00%
Retirement age	Varies by years of service and age
Mortality	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2019. Prior: RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2017

**TOWN OF WINDHAM, CONNECTICUT  
SCHEDULE OF INVESTMENT RETURNS  
PENSION PLANS  
LAST SEVEN FISCAL YEARS\***

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Annual money-weighted rate of return, net of investment expense:							
Municipal Pension Plan	0.98%	11.13%	3.38%	13.66%	1.11%	5.18%	12.52%
Board of Education Pension Plan	1.04%	7.89%	4.83%	6.21%	3.96%	2.48%	5.67%
Policemen's Pension Plan	1.02%	9.62%	-0.97%	5.18%	16.57%	0.01%	17.24%
Firemen's Pension Plann	0.26%	9.74%	-1.97%	6.49%	21.20%	0.01%	17.83%

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>103,292,937</u>	<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>\$ 103,292,937</u>	<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 payroll	\$ 24,208,471	\$ 26,146,000	\$ 23,838,000	\$ 24,730,000	\$ 23,600,000	\$ 21,841,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

**Notes to Schedule**

Changes in benefit terms

HB 7424 made the following provision changes:

- Beginning July 1, 2019, annual interest credited on mandatory contributions set at 4.0%.
- For members retiring on or after July 1, 2019 with a partial refund option election (Plan N), if 50% of the benefits paid prior to death do not exceed the Member's mandatory contributions plus interest frozen at the date of benefit commencement, the difference is paid to the Member's beneficiary.

Changes of assumptions

HB 7424 made the following assumption changes:

- Reduce the inflation assumption from 2.75% to 2.50%.
- 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%.
- Increase the annual rate of wage increase assumption from 0.50% to 0.75%.
- Phase in to a level dollar amortization method for the June 30, 2024 valuation.

Actuarial cost method

Entry age

Amortization method

Level percent of pay, closed

Single equivalent amortization period

17.6 years

Asset valuation method

4-year smoothed market

Inflation

2.75%

Salary increase

3.25%-6.50%, including inflation

Investment rate of return

8.00%, net of investment related expense

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

**TOWN OF WINDHAM, CONNECTICUT**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**RETIREE BENEFIT PROGRAM**  
**LAST THREE FISCAL YEARS\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:			
Service cost	\$ 601,722	\$ 838,221	\$ 834,730
Interest	405,313	679,574	610,262
Changes of benefit terms		55,555	
Difference between expected and actual experience	(424,692)	(8,072,968)	(4,986)
Changes of assumptions and other inputs	1,830,776	776,870	(595,204)
Benefit payments, including refunds of member contributions	<u>75,815</u>	<u>(180,266)</u>	<u>(486,527)</u>
Net change in total OPEB liability	2,488,934	(5,903,014)	358,275
Total OPEB liability - beginning	<u>10,908,086</u>	<u>16,811,100</u>	<u>16,452,825</u>
Total OPEB liability - ending	<u>\$ 13,397,020</u>	<u>\$ 10,908,086</u>	<u>\$ 16,811,100</u>
Covered employee payroll	\$ 32,290,861	\$ 31,503,279	\$ 34,819,995
Total OPEB liability as a percentage of covered employee payroll	41.49%	34.63%	48.28%

**Notes to Schedule:**

Changes in benefit terms	None
Changes of assumptions:	
Discount rate	2.21%; Prior 2.75%
Salary Increase	2.50%; Prior 2.75%
Inflation	2.50%; Prior 2.75%
Mortality	RP-2014 adjusted to 2006 total dataset mortality table projected to valuation date with Scale MP-2018. Prior: RP-2014 adjusted to 2006 total dataset mortality table projected to valuation date with Scale MP-2016.

\* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available. No assets are accumulated in a trust for the payment of OPEB.

**TOWN OF WINDHAM, CONNECTICUT**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**TEACHERS RETIREMENT PLAN**  
**LAST THREE FISCAL YEARS\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the net OPEB liability	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability (asset)	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>16,109,117</u>	<u>15,921,503</u>	<u>20,083,665</u>
Total	<u>\$ 16,109,117</u>	<u>\$ 15,921,503</u>	<u>\$ 20,083,665</u>
Town's covered payroll	\$ 24,208,471	\$ 24,660,000	\$ 23,838,000
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	2.08%	1.49%	1.79%

**Notes to Schedule:**

Changes in benefit terms	The Plan was amended by the Board, effective January 1, 2019, during the September 12, 2018 meeting. The Board elected a new prescription drug plan, which is expected to reduce overall costs and allow for the Board to receive a government subsidy for members whose claims reach a catastrophic level. These changes were communicated to retired members during the months leading up to the open enrollment period that preceded the January 1, 2019 implementation date.
Changes of assumptions	Based on the procedure described in GASB 74, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2019 was updated to equal the Municipal Bond Index Rate of 3.50% as of June 30, 2019.  Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on July 1, 2019.  The expected rate of inflation was decreased, and the real wage growth assumption was
Actuarial cost method	Entry age
Amortization method	Level percent of payroll over an open period
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Investment rate of return	3.00%, net of investment related expense including price inflation
Price Inflation	2.75%

\* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes



***Appendix B-1***

***Form of Opinion of Bond Counsel – The Bonds***

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FORM OF OPINION OF BOND COUNSEL

September \_\_, 2021

Town of Windham  
979 Main Street  
Willimantic, CT 06226

Re: \$\_\_\_\_\_ General Obligation Bonds, Issue of 2021  
Dated September \_\_, 2021

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 \$\_\_\_\_\_ General Obligation Bonds, Issue of 2021 dated September \_\_, 2021 (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 September \_\_, 2021 (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 \_\_, 2021 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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**FORM OF OPINION OF BOND COUNSEL**

September \_\_, 2021

Town of Windham  
979 Main Street  
Willimantic, CT 06226

Re: \$ \_\_\_\_\_ General Obligation Bond Anticipation Notes,  
Dated September \_\_, 2021

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 \$ \_\_\_\_\_ General Obligation Bond Anticipation Notes (the “Notes”), dated September \_\_, 2021 and maturing September \_\_, 2022. In such capacity, we have examined a record of proceedings of the Town authorizing the Notes, a Tax Regulatory Agreement of the Town dated September \_\_, 2021 (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 \_\_, 2021 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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**FORM OF CONTINUING DISCLOSURE AGREEMENT****In Connection With The Issuance and Sale of  
\$ \_\_\_\_\_ General Obligation Bonds, Issue of 2021**

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of September \_\_, 2021, by the Town of Windham, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$ \_\_\_\_\_ General Obligation Bonds, Issue of 2021, dated September \_\_, 2021 (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.

“Business Day” shall mean any day, other than Saturday, Sunday or a federal holiday, and shall consist of the time period from 12:01 a.m. through 12:00 midnight Eastern Time.

“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 \_\_, 2021, 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, 2021):

(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. If audited financial statements for any Fiscal Year End are not available to be provided to the MSRB through EMMA by the Deadline (as hereinafter defined in Section 3 hereof), the Issuer shall provide to the MSRB through EMMA: i) unaudited financial statements for such Fiscal Year End, and when available; ii) audited financial statements for such Fiscal Year End, as soon as practicable after its receipt thereof.

**(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) to the MSRB through EMMA not later than eight months after each Fiscal Year End for which such information is being provided (the "Deadline").

**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: \_\_\_\_\_  
James 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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**FORM OF CONTINUING DISCLOSURE AGREEMENT****In Connection With The Issuance and Sale of  
\$ \_\_\_\_\_ General Obligation Bond Anticipation Notes, dated September \_\_, 2021**

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of September \_\_, 2021, by the Town of Windham, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$ \_\_\_\_\_ General Obligation Bond Anticipation Notes dated September \_\_, 2021 (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 \_\_, 2021, 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: \_\_\_\_\_  
James Rivers  
Town Manager

By: \_\_\_\_\_  
Christian Johnson  
Director of Finance

***Appendix D-1***

***Notice of Sale – The Bonds***

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NOTICE OF SALE

TOWN OF WINDHAM, CONNECTICUT  
 \$12,615,000\* GENERAL OBLIGATION BONDS, ISSUE OF 2021  
 (the “Bonds”)

ELECTRONIC BIDS via *PARITY*® will be received by the TOWN OF WINDHAM, CONNECTICUT (the “Town”) at the office of Pullman & Comley, LLC, 90 State House Square, 14<sup>th</sup> Floor, Hartford, Connecticut 06103 until **11:30 A.M. (Eastern Time), WEDNESDAY**

SEPTEMBER 15, 2021

(the “Bid Date”) for the purchase of all (but not less than all) of \$12,615,000\* General Obligation Bonds, Issue of 2021 of the Town (the “Bonds”), when issued, at not less than par, which mature on September 15 in the years and amounts as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2024	\$605,000	2035	\$600,000
2025	\$605,000	2036	\$600,000
2026	\$605,000	2037	\$600,000
2027	\$600,000	2038	\$600,000
2028	\$600,000	2039	\$600,000
2029	\$600,000	2040	\$600,000
2030	\$600,000	2041	\$600,000
2031	\$600,000	2042	\$600,000
2032	\$600,000	2043	\$600,000
2033	\$600,000	2044	\$600,000
2034	\$600,000		

**The Issue**

The full faith and credit of the Town will be pledged for the prompt payment of the principal of, redemption premium, if any, and interest on the Bonds. The Bonds will be general obligations of the Town payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limit 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 provisions of the Connecticut General Statutes, as amended. The Bonds will be dated their date of delivery, with interest payable on March 15, 2022 and semiannually thereafter on each September 15 and March 15 each year until maturity, or earlier redemption. The information in this Notice of Sale is only a brief summary of certain provisions of the Bonds. For further information about the Bonds, reference is hereby made to the Preliminary Official Statement, dated September 8, 2021.

\*Preliminary, subject to change. See “Adjustment to Maturity Schedule” herein.

## Optional Redemption

The Bonds maturing on September 15, 2031 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after September 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 following redemption price (expressed as a percentage of the principal amount of Bonds to be redeemed) plus interest accrued and unpaid to the redemption date:

<u>Redemption Period</u>	<u>Redemption Price</u>
September 15, 2030 and thereafter	100%

The Town, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption.

## Ratings

The Town has applied to S&P Global Ratings for a rating on the Bonds. The assigned ratings may be obtained from the respective rating agency or will be posted through the facilities of *PARITY*<sup>®</sup> prior to sale.

## Official Statement and Continuing Disclosure Agreement

The Town has prepared a Preliminary Official Statement for the Bonds which is dated September 8, 2021, which is deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), except for omissions permitted thereby, but is subject to revision or amendment. The Town will provide the winning bidder, at its request, hard copies of the Official Statement at the Town's expense. The copies of the Official Statement will be made available to the winning bidder at delivery of the Bonds or by the 7<sup>th</sup> business day after the day bids on the Bonds are received. If the Town's municipal advisor is provided with the necessary information from the winning bidder by noon of the date following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the winning bidder and the name of the insurer, if any, and any corrections. Additional copies of the Official Statement may be obtained by the winning bidder at its own expense by arrangement with the printer.

The winning bidder agrees to promptly file a final Official Statement with the Municipal Securities Rulemaking Board and to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to the ultimate purchasers.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C-1 to the Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), (i) annual financial information and operating data including audited financial statements, (ii) notice of the occurrence of certain events with respect to the Bonds within ten (10) business days of such event, and (iii) timely notice of a failure by the Town to provide the required annual financial information.

The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

### **Electronic Proposals Bidding Procedure**

Electronic bids for the purchase of the Bonds must be submitted electronically via **PARITY**<sup>®</sup>, in accordance with this Notice of Sale, until 11:30 A.M. (Eastern Time) on Wednesday, September 15, 2021, but no bid will be received after the time for receiving bids specified herein. To the extent any instructions or directions set forth in **PARITY**<sup>®</sup> shall conflict with information in this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**<sup>®</sup>, including any fee charged, potential bidders may contact i-Deal LLC at 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, telephone: (212) 849-5021. Any prospective bidder must be a subscriber of i-Deal LLC's BiDCOMP competitive bidding system. The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of **PARITY**<sup>®</sup> is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Bonds via **PARITY**<sup>®</sup>, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice of Sale. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY<sup>®</sup>, or the inaccuracies of any information, including bid information or worksheets supplied by PARITY<sup>®</sup>, the use of PARITY<sup>®</sup> facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

For the purpose of the electronic bidding process, the time maintained on **PARITY**<sup>®</sup> shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Town, as described under "Award, Delivery and Payment" below, represented by the rate or rates of interest and the bid price specified in their respective bids. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

***Disclaimer.*** Each **PARITY**<sup>®</sup> prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY**<sup>®</sup> for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor **PARITY**<sup>®</sup> shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor **PARITY**<sup>®</sup> shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**<sup>®</sup>. The Town is using **PARITY**<sup>®</sup> as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of **PARITY**<sup>®</sup> to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY**<sup>®</sup> are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone **PARITY**<sup>®</sup> at (212) 849-5021.

## **Bid Requirements**

Each bid must be for the entire \$12,615,000<sup>1</sup> of the Bonds. Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of one-twentieth of one percent (1/20 of 1%) or one-eighth of one percent (1/8 of 1%) the rate or rates of interest per annum which the Bonds are to bear, provided that such proposal shall not state (a) more than one interest rate for any Bonds having a like maturity or (b) any interest rate for any Bonds of one maturity which exceeds the interest rate stated in such proposal for Bonds of a different maturity by more than two (2) percentage points. Interest shall be computed on the basis of twelve 30-day months and a 360 day year. No bid for less than par will be considered.

## **Establishment of Issue Price**

In order to provide the Town with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), relating to the exclusion of interest on the Bonds from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Town at or prior to the delivery of the Bonds an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public (the “Initial Offering Price”) or the actual sales price or prices of the Bonds, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. For purposes of this “Establishment of Issue Price” section, Bond Counsel may act on behalf of the Town.

The Town intends that the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “Competitive Sale Rule”) because:

- (1) The Town shall disseminate, or have disseminated on its behalf, this Notice of Sale to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Town anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Town anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest TIC, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. Acceptance by the Town of a bid pursuant to this Notice of Sale shall constitute a written contract between the Town and the winning bidder.

In the event that the competitive sale requirements are not satisfied, the Town shall so advise the successful bidder in writing on the sale date. The Town may treat the first price at which 10% of a maturity of the bonds (the “Actual Sale Rule”) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis. The successful bidder shall advise the Town if any maturity of the Bonds

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<sup>1</sup> Preliminary, subject to change.

satisfies the Actual Sale Rule as of the date and time of the award of the Bonds.

Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

If the competitive sale requirements are not satisfied, then until the Actual Sale Rule has been satisfied as to each maturity of the bonds, the successful bidder agrees to promptly report to the Town the prices at which the unsold Bonds of each maturity have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until the Actual Sale Rule has been satisfied for each maturity or until all Bonds of that maturity have been sold.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the Actual Sales Rule has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the Actual Sales Rule has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public.

Sales of any Bonds to any person that is a Related Party (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (1) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (2) *Related Party* generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (3) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of the selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

## **Award, Delivery and Payment**

Unless all bids are rejected, the Bonds will be awarded to the bidder whose bid will result in the lowest true interest cost (“TIC”) to the Town. The purchase price must be paid in Federal Funds.

Promptly upon verbal notification that a bidder’s proposal may be accepted, the bidder shall confirm to the Town the reoffering prices of all the Bonds of each maturity.

Bids will be finally accepted or rejected promptly after opening and not later than 3:00 p.m. (Eastern Time) on the Bid Date in accordance with the provisions herein.

At or prior to the delivery of the Bonds the successful bidder shall be furnished, without cost, with the approving opinion of Pullman & Comley, LLC, of Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B-1 to the Official Statement. The successful bidder will also be furnished with a receipt of payment for the Bonds, a Signature and No Litigation Certificate dated as of the date of delivery of the Bonds, stating that there is no litigation pending, or to the knowledge of the signers thereof, threatened, affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them. A copy of the final Official Statement prepared for this Bond issue will also be furnished together with a certificate of Town Officials relating to the accuracy and completeness of the Official Statement.

The Bonds **SHALL NOT BE** designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for federal income tax purposes of a portion of interest expense allocable to tax exempt obligations.

The Town will have no responsibility to pay for any expenses of the winning bidder except to the extent specifically stated in this Notice of Sale. The winning bidder will have no responsibility to pay for any of the Town’s costs of issuance except to the extent specifically stated in this Notice of Sale.

The winning bidder will be responsible for the clearance or exemption with respect to the status of the Bonds for sale under securities or “Blue Sky” laws and the preparation of any surveys or memoranda in connection with such sale. The Town shall have no responsibility for such clearance, exemption or preparation.

The Bonds will be delivered to The Depository Trust Company, New York, New York (“DTC”) or its agent via Fast Automated Securities Transfer (“FAST”) on or about September 30, 2021 against payment in immediately available Federal Funds. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder or bidders to obtain CUSIP numbers for the Bonds prior to delivery, and the Town will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of the winning bidder or bidders to obtain such numbers and to supply them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the winning bidder.

## **Adjustment of Maturity Schedule**

After the receipt of bids, the Town reserves the right to adjust the aggregate principal amount of the Bonds and to increase or decrease the principal amount of individual maturities of the Bonds and the final purchase price of the Bonds. The Town anticipates the adjustments to eliminate excess premium proceeds. Prior to award, the successful bidder will be required to provide the coupon, yield and reoffering price information to be included in the issue price certificate, if requested, for purposes of determining the adjustment. The Town will make every effort to maintain the underwriting discount percentage based on the bid and reoffering price information.

The adjustments are at the sole discretion of the Town, a bidder may not withdraw its bid for the Bonds or change interest rates or reoffering prices of its bid, as a result of any changes made, and agrees to purchase the Bonds based on the adjustments, if any, described herein

## **Right to Reject Bids; Waiver**

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

## **Postponement; Change of Terms**

The Town reserves the right to alter any terms of the Bonds or this Notice of Sale and to postpone, from time to time, the date or time established for the receipt of the bids.

## **Book-Entry-Only Form**

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to DTC, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in the principal amount of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Principal, redemption premium, if any, and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal, redemption premium, if any, and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will authenticate and deliver replacement Bonds in the form of fully registered Bond certificates directly to the Beneficial Owners of the Bonds or their nominees. (The record dates for the Bonds will be the close of business on the last day of December and June in each year, or the preceding business day if such last day is not a business day.)

**Additional Information**

More information concerning the issue and the Town may be obtained from Barry J. Bernabe, Managing Director, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, CT 06460 (203) 283-1110.

JAMES RIVERS  
Town Manager

PATRICIA P. SPRUANCE  
Treasurer

September 8, 2021



***Appendix D-2***

***Notice of Sale – The Notes***

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## NOTICE OF SALE

### TOWN OF WINDHAM, CONNECTICUT \$19,000,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES BOOK-ENTRY-ONLY

NOTICE IS GIVEN that ELECTRONIC BIDS via **PARITY**® (as described herein) will be received by the TOWN OF WINDHAM, CONNECTICUT (the “Town”), at the office of Pullman & Comley, LLC, 90 State House Square, 14<sup>th</sup> Floor, Hartford, Connecticut 06103 until 11:00 A.M. (Eastern Time) on **WEDNESDAY,**

**SEPTEMBER 15, 2021**

(the “Sale Date”) for the purchase of the Town’s \$19,000,000 General Obligation Bond Anticipation Notes (the “Notes”). Electronic bids must be submitted via **PARITY**® (see “Electronic Bidding Procedures”).

#### **The Notes**

The Notes are expected to be dated September 30, 2021 and will mature and be payable to the registered owner on September 29, 2022 as further described in the Preliminary Official Statement (as hereinafter defined). The Notes will bear interest (which interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months) payable at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/100 of 1% per annum.

#### **Nature of Obligation**

The Notes will constitute general obligations of the Town, and the Town will pledge its full faith and credit to pay the principal of and interest on the Notes when due. Unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limit 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 provisions of the Connecticut General Statutes, as amended. The information in this Notice of Sale is only a brief summary of certain provisions of the Notes. For further information about the Notes, reference is hereby made to the Preliminary Official Statement.

#### **Bank Qualification**

The Notes **SHALL NOT** be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.

#### **Registration**

The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company (“DTC”), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The purchaser(s), as a condition to delivery of the Notes, will be required to deposit the Note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Town or its agent to DTC or its nominee as registered owner of the Notes. Principal and interest payments by DTC to participants of DTC will be the responsibility of DTC; principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants

and other nominees of beneficial owners. The Town will not be responsible or liable for payments by DTC to its participants or by DTC participants or indirect participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. Upon receipt from the Town, the Paying Agent will pay principal of and interest on the Notes directly to DTC so long as DTC or its nominee, Cede & Co, is the Noteholder.

### **Bid Specifications; Basis of Award; Right to Reject Proposals; Waiver; Postponement; Change of Terms**

Each bid for the purchase of the Notes must be in accordance with the requirements prescribed herein. A proposal may be for all or any part of the Notes but any proposal for a part must be for at least \$100,000, or a whole multiple thereof, and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. Unless all bids are rejected, the Notes will be awarded to the bidder or bidders offering to purchase the Notes at the lowest net interest cost (“NIC”), computed as to each interest rate stated by adding the total interest which will be paid at such rate and deducting therefrom the premium offered, if any. As between proposals resulting in the same lowest net interest cost to the Town, the award will be made on the basis of the highest principal amount of the Notes specified. No bid for less than par will be considered and the Town reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. If a bidder is awarded only a part of the Notes bid for in its proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the Town with respect to the Notes awarded is the same as that contained in the bidder’s proposal with respect to the entire amount bid, carried to six decimal places. The purchase price must be paid in immediately available federal funds.

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

The Town further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including Internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Upon the establishment of an alternative sale date, any bidder may submit proposals for the purchase of the Notes in accordance with the provisions of this Notice of Sale.

### **Electronic Bidding Procedures**

Any prospective bidder must submit its electronic bid through the facilities of **PARITY**<sup>®</sup>. Subscription to i-Deal LLC’s BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the Town will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of **PARITY**<sup>®</sup> shall be deemed an irrevocable offer to purchase the Notes on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Notes via **PARITY**<sup>®</sup>, the bidder represents and warrants to the Town that such bidder’s bid for the purchase of the Notes is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Notes on the terms described in this Notice of Sale. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of **PARITY**<sup>®</sup>, or the inaccuracies of any information, including bid information or worksheets supplied by **PARITY**<sup>®</sup>, the use of **PARITY**<sup>®</sup> facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

If any provisions of this Notice of Sale shall conflict with information provided by **PARITY**<sup>®</sup> as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY**<sup>®</sup>, including any fee charged, may be obtained from **PARITY**<sup>®</sup>, 1359 Broadway, 36<sup>th</sup> Street, 2<sup>nd</sup> Floor, New York, NY 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: [www.parity@i-deal.com](mailto:www.parity@i-deal.com)).

For purposes of the electronic bidding process, the time as maintained by **PARITY**<sup>®</sup> shall constitute the official time. For information purposes only, bidders are requested to state in their bids the net interest cost to the Town, as described under “Bid Specifications; Basis of Award; Right to Reject Proposals; Waiver; Postponement; Change of Terms” above. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

***Disclaimer.*** Each **PARITY**<sup>®</sup> prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY**<sup>®</sup> for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor **PARITY**<sup>®</sup> shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor **PARITY**<sup>®</sup> shall be responsible for a bidder’s failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**<sup>®</sup>. The Town is using **PARITY**<sup>®</sup> as a communication mechanism, and not as the Town’s agent, to conduct the electronic bidding for the Notes. The Town is not bound by any advice and determination of **PARITY**<sup>®</sup> to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY**<sup>®</sup> are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Notes, the prospective bidder should telephone **PARITY**<sup>®</sup> at (212) 849-5021.

### **CUSIP Numbers**

The deposit of the Notes with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of Phoenix Advisors LLC to obtain CUSIP numbers for the Notes prior to delivery, and Phoenix Advisors, LLC, will provide the CUSIP Service Bureau with the final details of the sale, including the identity of the winning bidder(s). The Town will not be responsible for any delay occasioned by the inability to deposit the Notes with DTC due to the failure of Phoenix Advisors, LLC to obtain such numbers and to supply them to the Town in a timely manner. Neither the failure to print such CUSIP number on any note, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid for by the Town; provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

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

The Notes will be authenticated by U.S. Bank National Association, Hartford, Connecticut. U.S. Bank National Association will also act as Registrar, Paying Agent and Transfer Agent.

### **Delivery, Payment and Closing Requirements**

At or prior to the delivery of the Notes the winning bidder shall be furnished, without cost, with (a) the approving opinion of Pullman & Comley, LLC of Hartford, Connecticut, Bond Counsel (“Bond Counsel”) (see “Bond Counsel Opinion” below); (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Notes, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Notes or the power of the Town to levy and collect taxes to pay them; (c) a copy of the Official Statement prepared for this note issue; (d) a certificate of the Town’s Officials relating to the accuracy and completeness of the Official Statement; (e) a Continuing Disclosure Agreement; and (f) a receipt of payment for the Notes.

The Notes will be delivered against payment in immediately available federal funds through the facilities of DTC, New York, New York or its agent via Fast Automated Securities Transfer (“FAST”) on or about September 30, 2021 (the “Closing Date”).

The Town will have no responsibility to pay for any expenses of the purchaser except to the extent specifically stated in this Notice of Sale. The purchaser will have no responsibility to pay for any of the Town's costs of issuance except to the extent specifically stated in this Notice of Sale.

The purchaser will be responsible for the clearance or exemption with respect to the status of the Notes for sale under securities or "Blue Sky" laws and the preparation of any surveys or memoranda in connection with such sale. The Town shall have no responsibility for such clearance, exemption or preparation.

### **Bond Counsel Opinion**

The legality of the issue will be passed upon by Pullman & Comley, LLC of Hartford, Connecticut, Bond Counsel, and the purchaser will be furnished with its opinion, without charge, substantially in the form set forth in Appendix B-2 to the Official Statement. The opinion will appear on each note certificate and will state that the Notes are valid and binding obligations of the Town. If either the Competitive Sale Rule or the Hold-the-Offering-Price Rule (as defined below in the "Establishment of Issue Price" section) are met, Bond Counsel will require as a precondition to release of its opinion printed on the Notes that the purchaser of such Notes deliver to it a completed "issue price" certificate, or similar certificate, regarding expectations or public offering prices, as applicable, with respect to the Notes awarded to such bidder, as described below under "Establishment of Issue Price". In rendering such legal opinion, Pullman & Comley, LLC will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the Town for the benefit of the owners of the Notes, and further, will assume compliance by the Town with the covenants and procedures set forth in such Tax Regulatory Agreement.

### **Establishment of Issue Price**

In order to provide the Town with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), relating to the exclusion of interest on the Notes from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Town at or prior to the delivery of the Notes an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the Public (the "Initial Offering Price") or the actual sales price or prices of the Notes, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. Communications relating to this "Establishment of Issue Price" section, the completed certificate(s) and any supporting information shall be delivered to (1) Bond Counsel at Marie V. Phelan, Esq., Pullman & Comley, LLC, 90 State House Square, Hartford, CT 06103, Telephone: (860) 424-4337, E-mail: mphelan@pullcom.com and (2) the Municipal Advisor at Barry J. Bernabe, Phoenix Advisors, LLC, 53 River Street, Milford, CT 06460, Telephone: (203) 283-1110, E-mail: bbernabe@muniadvisors.com (the "Municipal Advisor"). Questions related to this "Establishment of Issue Price" section should be directed to Bond Counsel or the Municipal Advisor. For purposes of this "Establishment of Issue Price" section, Bond Counsel may act on behalf of the Town and the Municipal Advisor may act on behalf of the Town.

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Notes, is a good faith offer which the bidder believes reflects current market conditions, and is not a "courtesy bid" being submitted for the purpose of assisting in meeting the competitive sale requirements relating to the establishment of the "issue price" of the Notes pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds or notes who have established industry reputations for underwriting new issuances of municipal bonds or notes.

By submitting a bid, a bidder represents to the Town that it has an established industry reputation for underwriting new issuances of municipal bonds or notes such as the Notes, represents that such bidder's bid is submitted for or on behalf of such bidder by an officer or agent who is duly authorized to bind the bidder to a legal, valid and enforceable contract for the purchase of the Notes, and understands that upon award by the Town that this Notice of Sale constitutes a written contract between such bidder, as winning bidder, and the Town.

By submitting a bid, the bidder agrees that if the Competitive Sale Rule (as set forth below) is not met, it will satisfy either the Actual Sales Rule (as set forth below) or the Hold-the-Offering-Price Rule (as set forth below).

Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

**Notification of Contact Information of Winning Bidder.** Promptly upon award, the winning bidder shall notify the Municipal Advisor and Bond Counsel of the contact name, telephone number and e-mail address of the person(s) of the winning bidder for purposes of communications concerning this “Establishment of Issue Price” section.

**Competitive Sale Rule.** The Town intends that the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the “Competitive Sale Rule”) because:

- (1) the Town shall disseminate, or have disseminated on its behalf, this Notice of Sale to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Town anticipates receiving bids from at least three underwriters of municipal bonds or notes who have established industry reputations for underwriting new issuances of municipal bonds or notes; and
- (4) the Town anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the lowest net interest cost, as set forth in this Notice of Sale.

**Competitive Sale Rule Met.** The Town, or the Municipal Advisor on behalf of the Town, shall at the time of award advise the winning bidder if the Competitive Sale Rule has been met. The winning bidder will be required to deliver to Bond Counsel on behalf of the Town prior to the delivery of the Notes a completed “Certificate as to Issue Price” (in form satisfactory to Bond Counsel) for such Notes, setting forth the Initial Offering Price.

**Competitive Sale Rule Not Met.** In the event that the Competitive Sale Rule is not satisfied, the Town, or the Municipal Advisor on behalf of the Town, shall at the time of award advise the winning bidder. The Town may determine to treat (i) the first price at which ten percent (10%) of a Maturity of the Notes (the “Actual Sales Rule”) is sold to the Public as the issue price of that Maturity, and/or (ii) the Initial Offering Price to the Public as of the Sale Date of any Maturity of the Notes as the issue price of that Maturity (the “Hold-the-Offering-Price Rule”), in each case applied on a Maturity-by-Maturity basis. In the event that the Competitive Sale Rule is not satisfied, the winning bidder, by [4:30 p.m.] (E.[D/S].T.) on the Sale Date, shall notify and provide, via e-mail, Bond Counsel and the Municipal Advisor (I) of the first price at which ten percent (10%) of each Maturity has been sold to the Public and (II) reasonable supporting documentation or certifications of such price the form of which is acceptable to Bond Counsel; i.e., those Maturities that satisfy the Actual Sales Rule as of the Sale Date. After such receipt, the Town, or Bond Counsel on behalf of the Town, shall promptly confirm with the winning bidder, via e-mail, which Maturities of the Notes shall be subject to the Actual Sales Rule and which Maturities shall be subject to the Hold-the-Offering-Price Rule.

For those Maturities of Notes subject to the Hold-the-Offering-Price Rule, the winning bidder shall (i) provide Bond Counsel (via e-mail) a copy of pricing wire or equivalent communication for the Notes (ii) confirm that each Underwriter (as defined below) has offered or will offer all of the Notes to the Public on or before the date of award at the Initial Offering Prices and (iii) agree, on behalf of each Underwriter participating in the purchase of the Notes, that each Underwriter will neither offer nor sell unsold Notes of any Maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial

Offering Price for such Maturity during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least ten percent (10%) of that Maturity of the Notes to the Public at a price that is no higher than the Initial Offering Price.

The winning bidder shall promptly advise Bond Counsel and the Municipal Advisor, via e-mail, when the Underwriters have sold ten percent (10%) of that Maturity of the Notes to the Public at a price that is no higher than the Initial Offering Price, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the Public the unsold Notes of each Maturity allotted to it until it is notified by the winning bidder that either the Actual Sales Rule has been satisfied as to the Notes of that Maturity or all Notes of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Notes to the Public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the Public the unsold Notes of each Maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the Actual Sales Rule has been satisfied as to the Notes of that Maturity or all Notes of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Notes to any person that is a Related Party (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale.

**Definitions.** For purposes of this “Establishment of Issue Price” section:

- (1) “Maturity” means Notes with the same credit and payment terms. Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (2) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (3) “Related Party” generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (4) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Town (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).



## **Official Statement**

For more information regarding the Notes or the Town, reference is made to the Preliminary Official Statement dated September 8, 2021 (the “Official Statement”) describing the Notes and the financial condition of the Town. The Preliminary Official Statement is available in electronic format at [www.i-dealprospectus.com](http://www.i-dealprospectus.com), and such electronic access is being provided as a matter of convenience only. Copies of the Preliminary Official Statement may be obtained from Barry J. Bernabe, Phoenix Advisors, LLC, 53 River Street, Milford, CT 06460, Telephone: (203) 283-1110, E-mail: [bbernabe@muniadvisors.com](mailto:bbernabe@muniadvisors.com). The Town deems such Official Statement to be a final official statement for purposes of complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”), but such Official Statement is subject to revision or amendment as appropriate. The Town will provide the winning bidder, at its request, hard copies of the Official Statement at the Town’s expense. The copies of the Official Statement will be made available to the winning bidder at delivery of the Notes or by the 7<sup>th</sup> business day after the day bids on the Notes are received. If the Town’s Municipal Advisor, is provided with the necessary information from the purchaser by 12:00 o’clock noon on the day after the Sale Date, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices and the name of the managing underwriter of the Notes, and any corrections. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the final Official Statement to the purchaser. Additional copies of the final Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

## **Continuing Disclosure Agreement**

As required by the Rule, the Town will undertake, pursuant to a Continuing Disclosure Agreement (the “Agreement”), to provide notice of the occurrence of certain events with respect to the Notes within ten (10) business days of such event. A form of the Agreement is attached to the Official Statement as Appendix C-2. The purchaser’s obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to delivery of the Notes, an executed Agreement.

JAMES RIVERS  
Town Manager

PATRICIA P. SPRUANCE  
Treasurer

September 8, 2021

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