

FINAL OFFICIAL STATEMENT DATED JANUARY 30, 2018

NEW ISSUE: Book-Entry-Only

RATING: See "Rating" herein.

In the opinion of Bond Counsel, assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), based on existing law, interest on the Notes is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax for individuals, and for tax years beginning prior to January 1, 2018, the federal alternative minimum tax imposed on certain corporations. Interest on the Notes may be includable in the calculation of certain taxes under the Code, as described under Appendix B "Form of Legal Opinion of Bond Counsel and Tax Exemption," herein. In the opinion of Bond Counsel, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.



Town of Wolcott, Connecticut **\$7,000,000** **General Obligation Bond Anticipation Notes** **(Bank-Qualified)**

Dated: February 8, 2018
Due: November 8, 2018
CUSIP:¹ 977623WY9

Interest Rate: 2.50%
Yield: 1.54%
Underwriter: Eastern Bank

Principal and interest on the Notes will be payable at maturity. The Notes are being offered for sale and will bear interest at such rate or rates per annum as are specified by the successful bidder or bidders in accordance with the Notice of Sale, dated January 19, 2018.

The Notes are NOT subject to redemption prior to maturity.

The Notes will be issued by means of a book-entry system and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. The Beneficial Owners of the Notes will not receive certificates representing their ownership interest in the Notes. Principal of, redemption premium, if any, 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. Ownership of the Notes may be in principal amounts of \$5,000 or any multiple thereof. So long as Cede & Co. is the Noteowner, as nominee for DTC, reference herein to the Noteowner or owners shall mean Cede & Co., aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Notes. (See "Book-Entry Transfer System" herein.)

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

The certifying bank, registrar, transfer and paying agent for the Notes will be U.S. Bank National Association, 225 Asylum Street, 23rd Floor, Hartford, Connecticut.

The Notes are offered for delivery when, as and if issued, subject to the approving opinion of Shipman & Goodwin LLP, Bond Counsel, of Hartford, Connecticut and certain other conditions. It is expected that delivery of the Notes will be made in book-entry form to DTC in New York, New York on or about February 8, 2018.

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

No dealer, broker, salesman or other person has been authorized by the Town to give any information or to make any representations, other than those 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 by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 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 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 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 information set forth herein has been obtained by the Town from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. Certain information in this Official Statement has been obtained by the Town from other sources. Neither the Town, nor the Municipal Advisor, guaranty the accuracy or completeness of such information, however, and such information is not to be construed as a representation of any of the foregoing.

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

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

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

The Town currently files its official statements for primary offerings with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system. In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will enter into a continuing disclosure agreement to provide or cause to be provided timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain listed events with respect to the Notes pursuant to Continuing Disclosure Agreement to be executed by the Town in substantially the form attached as Appendix C to this Official Statement.

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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.

Date of Sale:	Tuesday, January 30, 2018 at 11:30 A.M. (Eastern Time).
Location of Sale:	Town of Wolcott, Town Hall, 10 Kenea Avenue, Wolcott, Connecticut 06716.
Issuer:	Town of Wolcott, Connecticut (the "Town").
Issue:	\$7,000,000 General Obligation Bond Anticipation Notes (the "Notes").
Dated Date:	Date of Delivery, February 8, 2018.
Interest Due:	At maturity: November 8, 2018.
Principal Due:	At maturity: November 8, 2018.
Authorization and Purpose:	The proceeds of the Notes will be used for various general purpose and school construction projects authorized by the Town.
Redemption:	The Notes are <u>NOT</u> subject to redemption prior to maturity.
Security and Remedies:	The Notes will be general obligations of the Town of Wolcott, Connecticut, and the Town will pledge its full faith and credit to the payment of principal and interest on the Notes when due.
Credit Rating:	No application for a rating has been made for the Notes. The Town's underlying long-term rating is "AA" by S&P Global Ratings.
Bond Insurance:	The Town does not expect to purchase a credit enhancement facility.
Tax Exemption:	See Appendix B "Form of Legal Opinion of Bond Counsel & Tax Exemption" herein.
Bank Qualification:	The Notes <u>shall</u> be designated as qualified tax-exempt obligations by the Town under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for certain interest expense allocable to the Notes.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will enter into a continuing disclosure agreement to provide or cause to be provided timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain listed events with respect to the Notes pursuant to a Continuing Disclosure Agreement to be executed in substantially the form attached as Appendix C to this Official Statement.
Registrar, Transfer Agent, Certifying Agent, and Paying Agent:	U.S. Bank National Association, 225 Asylum Street, 23rd Floor, Hartford, Connecticut.
Legal Opinion:	Shipman & Goodwin LLP, of Hartford, Connecticut will act as Bond Counsel.
Municipal Advisor:	Phoenix Advisors, LLC of Milford, Connecticut will act as Municipal Advisor.
Delivery and Payment:	It is expected that delivery of the Notes in book-entry form will be made to The Depository Trust Company on or about February 8, 2018 against payment in Federal Funds.
Contacts:	Questions concerning the Official Statement should be directed to Mrs. Susan E. Hale, Finance Officer, Town of Wolcott, Town Hall, 10 Kenea Avenue, Wolcott, Connecticut 06716. Telephone: (203) 879-8100 x121 or Barry J. Bernabe, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut. Telephone: (203) 283-1110.

I. 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 Wolcott, Connecticut (the "Town"), in connection with the original issuance and sale of \$7,000,000 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 Notes. Any statement made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof.

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

The certifying bank, registrar, transfer and paying agent for the Notes will be U.S. Bank National Association, 225 Asylum Street, 23rd Floor, Hartford, Connecticut.

Bond Counsel is not passing upon and does not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as its opinion in Appendix B "Form of Legal Opinion of Bond Counsel and Tax Exemption") and it makes no representation that it has independently verified the same.

Municipal Advisor

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

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

The Notes

The Notes will be dated February 8, 2018 and will be due and payable as to both principal and interest at maturity, November 8, 2018. The Notes will be issued as fully registered notes in denominations of \$5,000 or any integral multiple thereof. The Notes will bear interest calculated on the basis of a 360 day year consisting of twelve 30 day months at such rate or rates per annum as are specified on the cover of this official statement. A book-entry system will be employed evidencing ownership of the Notes, with transfers of ownership effected on the records of DTC, and its participants pursuant to rules and procedures established by DTC and its participants. See "Book-Entry Transfer System" herein.

The certifying bank, registrar, transfer and paying agent for the Notes will be U.S. Bank National Association, 225 Asylum Street, 23rd Floor, Hartford, Connecticut 06103 (email: bhcorporatetrust@usbank.com). The legal opinion for the Notes will be tendered by Shipman & Goodwin LLP, Bond Counsel, of Hartford, Connecticut. See Appendix B "Form of Legal Opinion of Bond Counsel and Tax Exemption".

The Notes are not subject to redemption prior to maturity.

Authorization and Purpose

The Notes are being issued pursuant to the General Statutes of the State of Connecticut, as amended, the Charter of the Town and a resolution approved by the voters of the Town.

Use of Proceeds

The Notes are being issued to provide financing for the following projects:

<i>Project</i>	<i>Amount Authorized</i>	<i>The Notes Due 11/8/18</i>
Reconstruction and Repair of Town Roads, Roadside Elements and Parking Lots	\$ 5,050,000	\$ 5,050,000
Fire Department Breathing Apparatus and Related Equipment	1,000,000	1,000,000
Senior Center Improvements	150,000	150,000
Fuel Oil Tanks for Elementary Schools	253,000	253,000
Two Gas-Fired Boilers for Tyrrell Middle School	200,000	200,000
Central Office Renovation at Alcott Elementary School	250,000	250,000
Admin, Finance and Bond Issuance Costs	97,000	97,000
Total	\$ 7,000,000	\$ 7,000,000

Book-Entry Transfer System

The Notes will be issued by means of a book-entry system and registered in the name at Cede & Co., as nominee for the Depository Trust Company (“DTC”), New York, NY. DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each interest rate of the Note.

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 Standard & Poor’s 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.

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

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC.

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

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

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

Principal and interest payments on, and redemption premium, if any, with respect to the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or Agent, on the 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 Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of the principal and interest, and redemption premium, if any, 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 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 Notes at any time by giving reasonable notice to the Town or the Agent. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Note 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 the Town takes no responsibility for the accuracy thereof.

DTC Practices

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of Notes 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 Notes

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

Security and Remedies

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

Unless paid from other sources, the Notes are payable from general property tax revenues of the Town. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in 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 taxable at limited amounts.

Payment of 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 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 Notes, or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation bonds and notes and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the Town. Court of competent jurisdiction also have the power in appropriate proceedings to order a payment of a judgment on such 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 may take into account all relevant factors, including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on 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 creditor's rights heretofore or hereafter enacted by Congress and the Connecticut General Assembly and to the exercise of judicial discretion. Under the Federal Bankruptcy Code, the Town may seek relief only, if among other requirements, it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9 of Title 11 of the United States Code, or by State law or a government officer or organization empowered by State law to authorize such entity to become a debtor under such Chapter.

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

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

Qualification for Financial Institutions

The Notes shall be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.

Availability of Continuing Disclosure

The Town of Wolcott prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State Office of Policy and Management. The Town provides, and will continue to provide, to the rating agency ongoing disclosure in the form of annual audited financial statements, adopted budgets and other materials relating to its management and financial condition as may be necessary or requested.

The Town will enter into a Continuing Disclosure Agreement with respect to the Notes, substantially in the form attached as Appendix C to this Official Statement, to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Notes.

The Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12. In the past five years, the Town has not failed to comply, in any material respect, with its undertakings in such agreements.

The Town is not responsible for any failure by EMMA or any other nationally recognized municipal securities information repository to timely post disclosure submitted to it by the Town or any failure to associate such submitted disclosure to all related CUSIPs.

School Projects

Pursuant to Section 10-287i of the Connecticut General Statutes, the State of Connecticut will provide proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996 (the "Current Program").

Debt service reimbursement will continue under the prior reimbursement program (the "Prior Program") for all projects approved prior to July 1, 1996. Under the Prior Program, a municipality issues bonds for the entire amount of the school construction project and the State of Connecticut reimburses the Town for principal and interest costs for eligible school construction projects over the life of outstanding school bonds and subsequent bond issues necessary to completely fund the approved school project.

Under the Current Program, the State of Connecticut will make proportional progress payments for eligible construction costs during project construction. The State grant will be paid directly to the municipality after it submits its request for progress payments, and accordingly, the municipality will issue its bonds only for its share of project costs.

Rating

No application for a rating has been made for the Notes. The Town's underlying long-term rating is "AA" by S&P Global Ratings ("S&P"). The Town furnished certain information and materials to the rating agency, some of which may not have been included in this Official Statement. Such rating reflects only the view of S&P and any explanation of the significance of such rating should be obtained from S&P. No application was made to any other rating agency for the purpose of obtaining ratings on outstanding securities of the Town.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that the rating will not be revised or withdrawn entirely by the agency if, in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of such rating may have an effect on the market price of the Town's bonds, including the Notes.

Note Insurance

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

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Economic Development

The Town has a medical center which consists of a walk-in clinic of St. Mary’s Hospital and houses 16 examination rooms, with 7 physicians, a dental practice and a sleep lab. There are several renovations and additions planned for this facility. A greenhouse located in the Town’s industrial area and valued at \$800,000 provides high-end landscaping to malls and industrial parks. Tosun Road was completed with grant dollars for an approximate value of \$1,328,800. The Tosun Road project was expanded to include Town Line Road and Nutmeg Valley Road, which are in an industrial area, and is expected to positively impact future development. Town Line Road and Nutmeg Valley Road were funded with the proceeds of the Road Reconstruction Program. The Long Swamp project was completed with ARRA funds for approximately \$489,000. Spindle Hill Road has been reconstructed with a Federal Grant of \$410,000. Permits have been issued for upgrades and renovations for existing buildings and plazas. The total value of permits issued has increased \$1,851,350 from last year. The housing development that was formerly under construction with RSK Development is now completed with 63 age-restricted units. Also age-focused, Heritage Hill is 50% complete. Sixty-four single family dwellings are planned. The 4,500 square foot Cumberland Farms building on Meriden Road has been completed with a construction cost of \$840,000. A new building, The Lake House, approximately 12,000 square feet, will take the place of the old Lily Lake Inn on Central Avenue with an estimated construction cost of \$1,300,000. Nutmeg Farms (the old Harold’s Convenience Store) has opened at 1520 Wolcott Road having been entirely remodeled with an addition to the back of the building as well as the construction of a gas station on said property. Construction cost for this project was approximately \$500,000. Currently, the replacement of an old 2,800 square foot building located at 1681 Meriden Road is in progress that will ultimately house a dentist office and other commercial space at the approximate cost of \$425,000.

Principal Municipal Officials

Office	Name	Manner of Selection	Years of Service	Current Term
Mayor.....	Thomas G. Dunn ¹	Elected	14 years	2017-2019
Treasurer.....	Anthony J. Marino ¹	Elected	4 years	2017-2019
Tax Collector.....	Darlene Tynan	Elected	4 years	2017-2019
Town Clerk.....	Karen B. Mowad ³	Elected	0 Years	2018-2022
Superintendent of Schools.....	Dr. Anthony Gasper	Appointed	2 years	Under Contract
Assessor.....	Pamela K. Deziel	Council Hired	12 years	Under Contract
Finance Officer.....	Susan E. Hale ²	Council Hired	2 years	Under Contract

¹ Previously served as a member of the Town Council.

² Previously served as Chief Accountant for 3 years.

³ Previously served as Assistant Town Clerk for 12 years.

Source: Town Officials

Summary of Municipal Services

Police Protection: Full-time police protection and investigative services are provided by 24 officers and various administrative personnel under the direction of the Chief of Police. All officers receive training in law enforcement and criminal justice and are graduates of the Connecticut Municipal Police Academy. The Department operates the 911 emergency center telephone system for the Town.

Fire Protection: Fire protection services are provided by the Wolcott Volunteer Fire Department. The Department is comprised of three companies with a total active volunteer membership in excess of 100. The Town appropriates funds annually for the operational costs of the Department and equipment acquisition.

Emergency Medical Assistance: Ambulance services are provided by the Wolcott Ambulance Corps which has approximately 50 volunteers, 3 full-time paramedics and 7 part-time paramedics. A crew is on station 24 hours per day 7 days a week. The Wolcott Ambulance Corps has been designated an Advanced Life Support Service by the State of Connecticut.

Public Works: Wolcott's full-time Public Works Department is responsible for the maintenance and repair of Town roads and storm sewers as well as paving, plowing, and sanding operations. The Department's equipment is replaced under the Town's equipment replacement program. A \$9.0 million Road Reconstruction Program was approved by the voters in 2011; a second Road Reconstruction Program in the amount of \$10.5 million was approved at referendum in May, 2014. To

date, 163 roads for 59.47 miles have been reconstructed, resurfaced or repaired. Approximately 40 miles have received crack seal maintenance.

Solid Waste: The following summarizes certain provisions of the Town's solid waste service contract and related agreements (the "Agreements"). This summary is qualified in its entirety by reference to the document themselves.

The Town and thirteen other central Connecticut municipalities (the "Participating Municipalities") entered into a Municipal Solid Waste Delivery and Disposal Contract (the "Service Contract") with Ogden Martin Systems of Bristol, Inc. (the "Company"). The Company is an affiliate of Ogden Corporation, which changed its name to Covanta Energy Corporation ("Covanta") effective March 14, 2001. The Company designed, constructed and operates a mass-burn solid waste, resource recovery, and electric generation facility located in the City of Bristol, Connecticut (the "Facility"). The Facility was financed with bonds issued by the Connecticut Development Authority (the "CDA Bonds") and is now debt free.

Under the Service Contract, the Town is required to deliver or cause to be delivered to the Facility acceptable solid waste generated within the Town's boundaries up to its minimum commitment of 6,608 tons per year and to pay a uniform per ton disposal service fee (the "Municipal Disposal Fee"). The Municipal Disposal Fee is \$63.21 per ton for the current 2017-18 fiscal year. The aggregate minimum commitment of the fourteen Participating Municipalities is 190,845 tons per year. The Town's commitment to pay the Municipal Disposal Fee is a "put-or-pay" commitment, in that if the aggregate minimum commitment of the fourteen Participating Municipalities is not met by the total deliveries of all the fourteen Participating Municipalities or by other solid waste delivered to the system in any year, the Town must pay the Municipal Disposal Fee for its full portion of the aggregate minimum commitment even if it did not deliver that full portion.

The Municipal Disposal Fee is a fee charged for each ton of acceptable solid waste delivered to the Facility by each Participating Municipality based upon the cost of: 1) debt service on the CDA Bonds; 2) operating and maintenance expenses; and 3) other costs including taxes, insurance and utilities, minus 90% of all energy revenues and recovered ferrous metal credit.

The Municipal Disposal Fee is payable so long as the Company is accepting solid waste delivered by or on behalf of the Town, whether or not such solid waste is processed at the Facility. The Town's obligation to pay the Municipal Disposal Fee, so long as the Company is accepting the Town's solid waste, is absolute and unconditional and is not subject to any set-off, counterclaim, recoupment, defense (other than payment itself) or other right which the Town may have against the Company or any other person for any reason whatsoever. The Town has pledged its full faith and credit to the payment of the Municipal Disposal Fee and has also agreed to enforce or levy and collect all taxes, cost sharing or other assessments or charges and take all such other action as may be necessary to provide for the payment of the Municipal Disposal Fee. In the event of a payment default under the Service Contract by any one or more of the Participating Municipalities, the non-defaulting Participating Municipalities are jointly and severally liable to pay such defaulted amount.

The Company is obligated to provide alternative waste disposal services in the event the Facility is unable to accept and process acceptable waste, and to mitigate the effects of such inability. The Company has provided specific performance guarantees to the Participating Municipalities. The Agreements provide for liquidated damages to be assessed upon the Company if the performance guarantees are not met. Covanta guarantees the performance of all of the obligations of the Company under the Agreements.

If the Service Contract is terminated due to default by the Participating Municipalities, the Participating Municipalities are obligated to pay amounts sufficient to defease the CDA Bonds or pay amounts sufficient to make timely payments of principal and interest on the CDA Bonds. If the Service Contract is terminated due to a default by the Company, the Company is obligated to defease the CDA Bonds or to pay principal and interest thereon. If the Company does not perform its obligations under the Service Contract and Covanta fails to perform such obligations pursuant to its guarantee of the Company's obligations, the Participating Municipalities have certain rights to terminate the Service Contract and upon termination would be no longer obligated to pay the Municipal Disposal Fee.

Sewers: A sewage collection system is available in the northwestern and southwestern areas of Wolcott. Sewage is received and treated at the City of Waterbury's wastewater treatment facility. The Mad River Relief Interceptor services a light industrial area near the Waterbury line. The remainder of the Town utilizes private septic disposal.

Water: Water is supplied primarily through individual wells. In 1988, Wolcott entered into an agreement to purchase water from the City of Waterbury and became a participant in the City's water filtration plant. A water main connected to Waterbury's municipal water system services the southern end of Route 69, which encompasses an area of small industrial firms, the Wolcott Hills area and up to the Beach Road area. A waterline extension to the Clinton Hill area was completed at a cost of \$5,420,000. Water mains were also installed in the Hitchcock Lake area of Wolcott where

approximately 131 homes are serviced by the South Central Connecticut Regional Water Authority. In 2011, voters approved a \$350,000 waterline extension in the Woodtick Road area. Also as part of the \$12,325,000 Bond authorization approved in 2011, public water was extended to the Wolcott High School along with a natural gas line. Assessments are levied on benefiting users for the costs of waterline extensions.

Parks and Recreation: The Town offers recreational activities and programs for all age groups throughout the year. Facilities include five playgrounds and parks, swimming and picnic areas, ballfields, tennis and basketball courts and a municipal golf course. Programs include: supervised summer playground activities; recreational leagues; exercise classes; a summer concert program; and trips to sporting and cultural events. A youth center facility was completed in August, 2010. The facility offers activities for grades 6 through 12. Examples of programs include college visits, computer technology instruction, life skills classes, field trips and dances. The Woodtick Recreational Facility offers swimming, recreational, and ballfields facilities. A 3.5 mile walking trail was completed ahead of schedule in the fall of 2015. Mill Pond Way Trail closely follows the shore line of Scovill Reservoir.

Library: The Town's library is accessible 49 hours per week and has a professional staff of two. Current holdings total approximately 63,300 volumes and reference materials. Special programs including lectures, exhibits and workshops are held throughout the year. The library was renovated in 2006 at a cost of \$775,000.

Social Services: The Town offers a number of social service programs geared to the needs of the elderly. Programs offered include transportation, nutrition, health and recreation. The Town also operates a staffed Senior Citizens Center.

Utilities and Other Services: Electric service is provided by Eversource, formerly Northeast Utilities, and natural gas service is provided by Yankee Gas. Passenger and freight service are provided by nearby bus and rail lines and numerous common carriers. The Oxford Regional Airport and Bradley International Airport are available to meet air transportation needs.

Municipal Employees

	2017-18	2016-17	2015-16	2014-15	2013-14
Board of Education	486	486	486	488	495
General Government	116	116	117	118	117
Total	602	602	603	606	612

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Municipal Employees Bargaining Organizations

Employees	Bargaining Unit	Number of Members	Contract Expiration Date
<u>General Government</u>			
Public Works.....	AFSCME, AFL-CIO Local 1303 of Council #4	19	6/30/2015 ¹
General Government.....	UPSEU, Unit 58	18	6/30/2019
Police.....	Police Local 332, IBPO	23	6/30/2017 ¹
Sub-Total.....		60	
<u>Board of Education</u>			
School Administration.....	AFSCME, Council #14	11	6/30/2020
Teachers.....	Wolcott Education Association	213	6/30/2018
Wolcott Paraprofessionals, Library Aides & Security Aides.....	Local 222, CILU 84	49	6/30/2019
Nurses.....	Wolcott Nurses Association, CSEA	5	6/30/2021
Custodians.....	Wolcott Custodians Local 1303 of Council #4, American Federation of State, County, and Municipal Employees AFL-CIO	22	6/30/2021
Central Office.....	AFSCME AFL-CIO	6	6/30/2019
Cafeteria Workers.....	AFSCME AFL-CIO 1303-370 Council #14	30	6/30/2021
Administrators.....	Wolcott Educational Secretaries Local 222, CILU 74	11	6/30/2019
Sub-Total.....		347	
Total.....		407	

¹ In negotiation.

Source: Town Officials

Connecticut 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 certificated teachers and certain other employees. The legislative body of an affected municipality may reject the arbitration panel's decision by a two-thirds majority vote. The State and the employee organization must be advised in writing of the reasons for rejection. The State will then appoint 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 shall give priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capability of a municipality, 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 shall consider 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.

School Enrollment

School Year	Grades K-5	Grades 6-8	Grades 9-12	Total
Historical				
2008-09	1,169	727	899	2,795
2009-10	1,210	743	849	2,802
2010-11	1,157	683	903	2,743
2011-12	1,118	670	867	2,655
2012-13	1,067	640	874	2,581
2013-14	983	658	844	2,485
2014-15	946	692	781	2,419
2015-16	930	604	801	2,335
2016-17	866	572	790	2,228
2017-18	882	563	760	2,205
Projected				
2018-19	814	513	741	2,068
2019-20	794	476	712	1,982
2020-21	782	474	642	1,898
2021-22	771	452	628	1,851

Source: Town of Wolcott, Superintendent's Office.

School Facilities

School	Grades	Date of Construction / Remodeling	Number of Classrooms	Enrollment as of 10/1/2017	Operating Capacity
Frisbie Elementary.....	K-5	1950, 1986, 2001	28	295	700
Wakelee Elementary.....	K-5	1960, 1987, 1999, 2001	33	373	825
Alcott Elementary.....	K-5	1947, 1969, 2001	30	263	850
Tyrrell Middle.....	6-8	1967, 2001	45	563	1,125
Wolcott High.....	9-12	1958, 1962, 1977, 2001	66	760	1,400
Total			202	2,254	4,900

Source: Town of Wolcott, Superintendent's Office.

III. Economic and Demographic Data

Population Trends

Year	Actual		Density ²
	Population ¹	% Increase	
2015 ³	16,717	0.2%	819.5
2010	16,680	9.6%	817.6
2000	15,215	11.1%	745.8
1990	13,700	5.3%	671.6
1980	13,008	4.1%	637.6
1970	12,495	40.6%	612.5

¹ U.S. Department of Commerce, Bureau of Census.

² Per square mile: 20.4 square miles.

³ American Community Survey 2011-2015

Age Distribution of Population

Age	Town of Wolcott		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years	540	3.2%	191,445	5.3%
5 to 9 years	995	6.0	214,983	6.0%
10 to 14 years	1,336	8.0	231,075	6.4%
15 to 19 years	1,244	7.4	255,286	7.1%
20 to 24 years	897	5.4	237,578	6.6%
25 to 34 years	1,491	8.9	436,678	12.2%
35 to 44 years	2,092	12.5	448,840	12.5%
45 to 54 years	2,664	15.9	556,454	15.5%
55 to 59 years	1,463	8.8	259,565	7.2%
60 to 64 years	1,351	8.1	219,040	6.1%
65 to 74 years	1,408	8.4	291,955	8.1%
75 to 84 years	671	4.0	162,332	4.5%
85 years and over	565	3.4	87,991	2.4%
Total	16,717	100%	3,593,222	100%
Median Age (Years) 2015.....	44.3		40.4	

Source: American Community Survey 2011-2015

Income Distribution

Income	Town of Wolcott		State of Connecticut	
	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	75	1.7%	30,926	3.5%
10,000 - 14,999.....	61	1.4	18,063	2.0%
15,000 - 24,999.....	89	2.0	46,085	5.1%
25,000 - 34,999.....	249	5.6	55,715	6.2%
35,000 - 49,999.....	377	8.5	83,173	9.3%
50,000 - 74,999.....	813	18.3	139,724	15.6%
75,000 - 99,999.....	763	17.1	126,557	14.1%
100,000 - 149,999.....	1,122	25.2	183,030	20.4%
150,000 - 199,999.....	554	12.4	94,575	10.6%
200,000 and over.....	348	7.8	117,791	13.2%
Total	4,451	100.0%	895,639	100.0%

Source: American Community Survey 2011-2015

Income Levels

	Town of Wolcott	State of Connecticut
Per Capita Income, 2015	\$ 34,468	\$ 38,803
Median Family Income, 2015	\$ 91,182	\$ 89,031
Median Household Income, 2015	\$ 80,323	\$ 70,331

Source: American Community Survey 2011-2015

Educational Attainment

	Town of Wolcott		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	563	4.8%	105,725	4.3%
9th to 12th grade.....	485	4.1	144,132	5.9
High School graduate.....	4,273	36.5	673,973	27.4
Some college, no degree.....	1,961	16.8	430,129	17.5
Associate's degree	1,048	9.0	183,289	7.4
Bachelor's degree.....	1,789	15.3	516,001	21.0
Graduate or professional degree.....	1,586	13.5	409,606	16.6
Total.....	11,705	100.0%	2,462,855	100.0%
Total high school graduate or higher (%)....		91.0%		89.9%
Total bachelor's degree or higher (%).....		28.8%		37.6%

Source: American Community Survey 2011-2015

Employment by Industry

Sector	Town of Wolcott		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	16	0.2%	7,214	0.4%
Construction.....	647	7.1	100,593	5.6
Manufacturing.....	1,270	14.0	191,286	10.7
Wholesale trade.....	402	4.4	44,581	2.5
Retail trade.....	1,301	14.4	193,799	10.9
Transportation warehousing, and utilities....	372	4.1	66,850	3.8
Information.....	187	2.1	41,486	2.3
Finance, insurance, real estate, and leasing..	697	7.7	163,822	9.2
Professional, scientific, management, administrative, and waste management....	525	5.8	199,942	11.2
Education, health and social services.....	2,261	25.0	471,587	26.5
Arts, entertainment, recreation, accommodation and food services.....	482	5.3	153,516	8.6
Other services (except public admin.).....	351	3.9	79,998	4.5
Public Administration.....	539	6.0	66,743	3.7
Total Labor Force, Employed.....	9,050	100.0%	1,781,417	100.0%

Source: American Community Survey 2011-2015

**Major Employers
As of January 2018**

Employer	Type of Business	Approximate Number of Employees
Town of Wolcott.....	Municipality	602
Wolcott View Manor Health & Rehab Center....	Convalescent Home	220
Sequel Medical.....	Medical Supply Manufacturer	100
Ultimate Service, Inc.....	Facilities Management	80
Devon Precision, Inc.....	Swiss Screw Machine Products	60
NUCAP US, Inc.....	Eyelet Products	55
Walsh's IGA.....	Grocery Store	50
All American Heating & AC, Inc.....	Heating, AC & Plumbing	45
Coils Plus.....	Manufacturer Electrical Coils	35
Mattatuck Industrial Scrap Metal, Inc.....	Buyers of Scrap Metals	25

Source: Telephone Survey of Employers.

Labor Force Data

Period	Town of Wolcott		Percentage Unemployed		
	Employed	Unemployed	Town of Wolcott	Waterbury Labor Market	State of Connecticut
November 2017	47,225	3,704	7.3	5.4	4.3
Annual Average					
2016.....	9,389	445	4.5	6.5	5.3
2015.....	9,303	459	4.7	7.1	5.6
2014.....	9,268	533	5.4	8.9	6.7
2013.....	9,094	647	6.6	10.5	7.9
2012.....	9,099	735	7.5	9.2	8.3
2011.....	9,123	824	8.3	11.6	8.8
2010.....	9,052	886	8.9	12.8	9.0
2009.....	8,289	775	8.6	11.1	8.2
2008.....	8,548	497	5.5	7.6	5.7
2007.....	8,638	386	4.3	5.9	4.6

Source: State of Connecticut, Department of Labor.

Building Permits

Fiscal Year Ending 6/30	Residential		Commercial/Industrial		Other		Total	
	Number	Value	Number	Value	Number	Value	Number	Value
2017	399	\$ 7,568,143	3	\$ 1,530,000	515	\$ 3,680,082	917	\$ 12,778,225
2016	477	7,406,929	1	140,000	544	3,379,946	1,022	10,926,875
2015	408	7,722,332	-	-	524	3,127,922	932	10,850,254
2014	354	5,899,805	1	750,950	476	2,289,072	831	8,939,827
2013	349	5,462,245	-	-	396	1,457,546	745	6,919,791
2012	296	4,272,567	-	-	517	1,903,994	813	6,176,561
2011	280	4,943,813	-	-	422	1,717,208	702	6,661,021
2010	297	5,662,604	3	168,000	377	1,760,262	677	7,590,866
2009	284	4,490,002	2	542,500	527	2,517,885	813	7,550,387
2008	300	5,967,170	3	377,000	621	2,694,599	924	9,038,769

Source: Building Department, Town of Wolcott.

Housing Inventory

Housing Units	Town of Wolcott		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached.....	5,144	85.1%	882,941	59.2%
1-unit, attached.....	141	2.3	80,636	5.4
2 units.....	281	4.7	121,410	8.1
3 or 4 units.....	130	2.2	132,512	8.9
5 to 9 units.....	193	3.2	82,727	5.5
10 to 19 units.....	81	1.3	55,826	3.7
20 or more units.....	73	1.2	123,561	8.3
Mobile home.....	-	-	11,898	0.8
Boat, RV, van, etc.....	-	-	275	0.0
Total Inventory.....	6,043	100.0%	1,491,786	100.0%

Source: American Community Survey 2011-2015

Owner Occupied Housing

Specified Owner-Occupied Units	Town of Wolcott		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	168	3.4%	24,620	2.7%
\$50,000 to \$99,000.....	87	1.7	28,771	3.2
\$100,000 to \$149,999.....	400	8.0	78,066	8.6
\$150,000 to \$199,000.....	885	17.8	140,544	15.5
\$200,000 to \$299,999.....	1,929	38.8	251,106	27.7
\$300,000 to \$499,999.....	1,232	24.8	235,670	26.0
\$500,000 to \$999,999.....	162	3.3	106,965	11.8
\$1,000,000 or more.....	111	2.2	40,485	4.5
Total.....	4,974	100.0%	906,227	100.0%

Median Value.....	\$240,900	\$270,500
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Source: American Community Survey 2011-2015

Land Use Summary

Classification	Acreage	Percent
Agricultural.....	84.0	0.6%
Commercial.....	280.1	2.1
Community Facilities.....	378.4	2.8
Industrial.....	243.3	1.8
Recreational.....	1,788.0	13.2
Residential.....	4,642.7	34.2
ROW.....	547.3	4.0
Transportation.....	4.4	0.0
Undeveloped.....	4,990.0	36.7
Utilities.....	152.7	1.1
Water.....	474.0	3.5
Total.....	13,584.9	100.0%

Source: Town of Wolcott, Planning Department, 2016.

IV. Tax Base Data

Assessments

The Town of Wolcott had a general property revaluation by physical inspection of all real estate, effective on the Grand List of October 1, 2016. The next revaluation is scheduled for October 1, 2021. Under Section 12-62 of the Connecticut General Statutes the Town must do a revaluation every five years and the assessor must fully inspect each parcel, including measuring or verifying the exterior dimensions of a building and entering and examining the interior of the building once every ten years. Section 12-62 also imposes a penalty on municipalities that fail to effect revaluations as required, with certain exceptions. Municipalities may choose to phase-in real property assessment increases resulting from a revaluation, but such phase-in must be implemented in less than five assessment years. The maintenance of an equitable tax base, and the location and appraisal of all real and personal property within the Town for inclusion onto the Grand List are the responsibilities of the Town's Assessor's Office. The Grand List represents the total of assessed values for all taxable real and personal property and motor vehicles located within the Town on October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments for real property are computed at 70 percent of the estimated market value at the time of the last general revaluation.

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

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

Connecticut General Statutes Section 12-71e creates a cap on the local property tax mill rate for motor vehicles. The State of Connecticut's 2017-2019 biennium budget legislation amended that statute to provide that (1) for the assessment year October 1, 2016 (the fiscal year ending June 30, 2018), the mill rate for motor vehicles shall not exceed 39 mills, and (2) for the assessment year October 1, 2017 (the fiscal year ending June 30, 2019), and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 45 mills. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the town or city in which such district or borough is located would result in a combined motor vehicle mill rate in excess of these mill rate caps. The Town currently has a mill rate of 31.27 and therefore, it will not receive any reimbursement from the State.

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

Property Tax Collection Procedure

Real estate taxes for the fiscal year are levied on the Grand List of the prior October 1, and are due July 1, payable in two installments, on July 1 and January 1. Personal property taxes are payable in one installment on July 1 with motor vehicle supplemental bills payable on January 1. Payments not received by August 1 and February 1, respectively, become delinquent, with interest charged at the rate of 1.50% per month from the due date of the tax. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are lien-ed 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 Levies and Collections

Fiscal Year	Grand List of 10/1	Net Taxable Grand List	Mill Rate	Adjusted Annual Levy	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 6/30/2017¹
2018	2016 ²	\$ 1,227,179,944	31.27	\$37,801,756	<i>IN COLLECTION</i>		
2017	2015	1,282,942,815	28.91	36,486,251	97.8%	2.19%	2.19%
2016	2014	1,271,057,987	28.08	35,128,210	98.1%	1.90%	1.02%
2015	2013	1,265,322,865	27.17	34,555,784	98.2%	1.80%	0.53%
2014	2012	1,257,541,104	25.91	32,715,206	98.2%	1.80%	0.18%
2013	2011 ²	1,254,860,310	25.27	31,801,822	98.2%	1.80%	0.07%
2012	2010	1,363,377,222	22.68	31,067,973	98.0%	2.00%	0.00%
2011	2009	1,364,820,365	22.68	31,006,021	97.9%	2.10%	0.00%
2010	2008	1,360,931,631	22.69	30,885,285	97.7%	2.30%	0.00%
2009	2007	1,357,206,765	22.69	30,884,784	97.3%	2.70%	0.00%

¹ Subject to audit.

² Revaluation.

Source: Tax Collector's Office, Town of Wolcott.

Comparative Assessed Valuations

Grand List of 10/1	Residential Real Property (%)	Commercial & Industrial Real Property (%)	Other Real Property (%)	Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List	Less Exemption²	Net Taxable Grand List	Percent Change
2016 ¹	76.6	5.9	2.8	4.0	10.7	\$ 1,251,277,624	\$ 24,097,680	\$ 1,227,179,944	-4.3%
2015	77.7	5.8	2.8	3.6	10.1	1,306,637,885	23,695,070	1,282,942,815	0.9%
2014	78.2	5.9	2.8	3.2	9.9	1,292,247,197	21,189,210	1,271,057,987	0.5%
2013	78.2	5.8	2.8	3.3	9.9	1,288,549,965	23,227,100	1,265,322,865	0.6%
2012	78.5	5.9	2.8	3.1	9.7	1,280,403,927	22,862,823	1,257,541,104	0.2%
2011 ¹	78.5	5.9	2.9	3.0	9.7	1,276,353,879	21,493,569	1,254,860,310	-8.0%
2010	81.8	5.7	1.4	2.7	8.4	1,383,794,343	20,417,121	1,363,377,222	-0.1%
2009	81.4	5.7	1.4	3.5	8.0	1,387,154,334	22,333,969	1,364,820,365	0.3%
2008	81.4	6.2	0.8	3.5	8.0	1,382,081,614	21,149,983	1,360,931,631	0.3%
2007	81.1	5.6	1.5	3.4	8.4	1,376,628,635	19,421,870	1,357,206,765	1.5%

¹ Revaluation.

² Connecticut General Statutes Section 12-81 (72) exempts new manufacturing equipment from property taxation by municipalities.

Source: Assessor's Office, Town of Wolcott.

Property Tax Receivables

Fiscal Year Ending 6/30	Current Year Levy Uncollected	Total Uncollected (Current & Prior Years)
2017	\$ 819,744	\$ 1,442,854
2016	676,467	1,161,812
2015	635,413	1,044,671
2014	573,328	914,894
2013	570,402	870,214
2012	615,195	950,282
2011	646,932	1,116,132
2010	821,215	1,680,245

Source: Tax Collector's Office, Town of Wolcott.

Ten Largest Taxpayers

The following table sets forth the ten largest taxpayers per the grand list dated October 1, 2016:

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List ¹
Connecticut Light & Power.....	Utility	\$ 13,810,640	1.13%
Beach Building LLC.....	Real Estate	4,253,400	0.35%
New Countryside LLC.....	Real Estate	3,948,940	0.32%
NUCAP US, Inc.....	Personal Property	3,648,420	0.30%
Buell Industries, Inc.....	Manufacturing	2,803,940	0.23%
RSK Realty LLC.....	Real Estate	2,390,780	0.19%
Blue Shutter Properties LLC.....	Real Estate	1,932,740	0.16%
Chestnut Wolcott LLC.....	Real Estate	1,714,190	0.14%
Longmeadow Wolcott LLC.....	Real Estate	1,481,960	0.12%
Southington, Town of	Real Estate	1,463,310	0.12%
Total.....		\$ 37,448,320	3.05%

¹ Based on October 1, 2016 Net Taxable Grand List of \$1,227,179,944.

Source: Tax Assessor, Town of Wolcott

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V. Debt Section

Principal Amount of Bonded Indebtedness As of February 8, 2018 (Pro-Forma)

Long-Term Debt

<u>Dated</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Amount of Original Issue</u>	<u>Outstanding After This Issue</u>	<u>Date of Final Fiscal Year of Maturity</u>
03/15/02	General Purpose (Taxable) - Lot C.....	6.25-6.50	\$ 800,000	\$ 125,000	2022
11/15/04	Schools - Refunding.....	3.00-4.00	8,476,680	970,000	2020
08/09/10	General Purpose - Series B.....	2.00-5.00	225,000	65,000	2021
08/09/10	Schools - Series B.....	2.00-5.00	11,445,000	3,865,000	2022
08/09/10	Water - Series B.....	2.00-5.00	1,115,000	410,000	2022
10/23/14	General Purpose.....	2.00-4.00	6,960,000	6,060,000	2034
02/17/15	General Purpose Refunding.....	2.00-4.00	1,665,000	1,224,000	2026
02/17/15	Schools Refunding.....	2.00-4.00	470,000	352,000	2026
02/17/15	Water Refunding.....	2.00-4.00	1,895,000	1,434,000	2026
10/20/16	General Purpose.....	2.00-5.00	2,952,315	2,820,455	2034
10/20/16	Schools.....	2.00-5.00	1,530,000	1,461,665	2034
10/20/16	Water.....	2.00-5.00	107,685	102,880	2034
10/19/17	General Purpose - Series A.....	2.00-5.00	10,480,000	10,480,000	2043
10/19/17	Schools - Series A.....	2.00-5.00	820,000	820,000	2043
11/28/17	General Purpose Refunding - Series B.....	4.00-5.00	2,383,000	2,383,000	2030
11/28/17	Schools Refunding - Series B.....	4.00-5.00	247,000	247,000	2030
Total Outstanding.....			\$ 51,571,680	\$ 32,820,000	

Short-Term Debt As of February 8, 2018 (Pro-Forma)

<u>Project</u>	<u>Amount Authorized</u>	<u>The Notes Due 11/8/18</u>
Reconstruction and Repair of Town Roads, Roadside Elements and Parking Lots	\$ 5,050,000	\$ 5,050,000
Fire Department Breathing Apparatus and Related Equipment	1,000,000	1,000,000
Senior Center Improvements	150,000	150,000
Fuel Oil Tanks for Elementary Schools	253,000	253,000
Two Gas-Fired Boilers for Tyrrell Middle School	200,000	200,000
Central Office Renovation at Alcott Elementary School	250,000	250,000
Admin, Finance and Bond Issuance Costs	97,000	97,000
Total	\$ 7,000,000	\$ 7,000,000

Other Long-Term Commitments

Pursuant to an Intermunicipal Agreement with the City of Waterbury, the Town of Wolcott is responsible for \$3,089,815 or 3.475% of the total costs of the City's sewage treatment plant upgrade. The Town pays its proportionate share of the project costs through repayment of a Clean Water Fund Loan payable directly to the State of Connecticut. On June 30, 2017 Wolcott's proportionate estimated share of principal was \$498,252. The loan has a rate of 2% and will mature in 2020.

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Annual Bonded Debt Maturity Schedule^{1, 2}
As of February 8, 2018
(Pro-Forma)

Fiscal Year Ended 6/30	Principal Payments	Interest Payments	Total Payments	Cumulative Principal Retired %
2018 ²	\$ 25,000	\$ 380,621	\$ 405,621	0.1%
2019	2,900,000	1,315,265	4,215,265	8.9%
2020	3,430,000	1,003,419	4,433,419	19.4%
2021	3,000,000	868,744	3,868,744	28.5%
2022	2,360,000	759,294	3,119,294	35.7%
2023	1,720,000	673,944	2,393,944	40.9%
2024	1,720,000	600,294	2,320,294	46.2%
2025	1,705,000	529,594	2,234,594	51.4%
2026	1,650,000	461,175	2,111,175	56.4%
2027	1,375,000	403,003	1,778,003	60.6%
2028	1,375,000	359,725	1,734,725	64.8%
2029	1,380,000	322,519	1,702,519	69.0%
2030	1,365,000	283,750	1,648,750	73.1%
2031	1,130,000	248,088	1,378,088	76.6%
2032	1,145,000	215,138	1,360,138	80.1%
2033	1,155,000	180,638	1,335,638	83.6%
2034	1,155,000	145,988	1,300,988	87.1%
2035	470,000	121,613	591,613	88.5%
2036	470,000	107,513	577,513	90.0%
2037	470,000	93,413	563,413	91.4%
2038	470,000	79,313	549,313	92.8%
2039	470,000	65,213	535,213	94.3%
2040	470,000	51,113	521,113	95.7%
2041	470,000	36,719	506,719	97.1%
2042	470,000	22,031	492,031	98.6%
2043	470,000	7,344	477,344	100.0%
Total.....	\$ 32,820,000	\$ 9,335,471	\$ 42,155,471	

¹ Excludes self-supporting sewer debt. Please see "Other Long-Term Commitments" for further information.

² Excludes principal payments of \$2,960,000 and interest payments of \$501,650 made between July 1, 2017 and February 8, 2018.

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Debt Statement^{1,2}
As of February 8, 2018
(Pro-Forma)

Long-Term Debt Outstanding:

General Purpose	\$ 23,157,455
Schools	7,715,665
Sewer	-
Water	1,946,880
Total Long-Term Debt	32,820,000
Short-Term Debt (The Notes Due: 11/8/18)	7,000,000
Total Direct Debt	39,820,000
Less: School Construction Grants Receivable (As of June 30, 2017) ¹	(2,010,913)
Less: Water Assessment Receivable (Principal Only)	(1,946,880)
Total Direct Net Debt	35,862,207
Overlapping/Underlying Debt	-
Total Overall Net Debt	\$ 35,862,207

¹ 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.

² Excludes self-supporting sewer debt. Please see "Other Long-Term Commitments" for further information.

Current Debt Ratios
As of February 8, 2018
(Pro-Forma)

Population ¹	16,717
Net Taxable Grand List at 70% of Full Value (10/1/16)	\$ 1,227,179,944
Estimated Full Value	\$ 1,753,114,206
Equalized Net Taxable Grand List (10/1/15) ²	\$ 1,866,134,566
Money Income per Capita (2015) ¹	\$ 34,468

	Total	Total Direct
	Direct Debt:	Net Debt:
	\$39,820,000	\$35,862,207
Debt per Capita.....	\$2,382.01	\$2,145.25
Ratio to Net Taxable Grand List.....	3.24%	2.92%
Ratio to Estimated Full Value.....	2.27%	2.05%
Ratio to Equalized Net Taxable Grand List.....	2.13%	1.92%
Debt per Capita to Money Income per Capita.....	6.91%	6.22%

¹ American Community Survey 2011-2015

² Office of Policy and Management, State of Connecticut.

Bond Authorization

The Town of Wolcott has the power to incur indebtedness by issuing its bonds or notes as authorized by the Connecticut General Statutes (“CGS”) subject to statutory debt limitations and the procedural requirements of the Town’s Charter. The issuance of bonds or notes is authorized upon the recommendation of the Mayor and approval of the Town Council by a majority vote, and by the voters at a Town Meeting or a referendum, except for refunding bonds which are approved by the Town Council.

Temporary Financing

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

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

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

Limitation of Indebtedness

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

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

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

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

Statement of Debt Limitation ^{1,2}
As of February 8, 2018
(Pro Forma)

Total Tax Collections (including interest and lien fees)

For the year ended June 30, 2017 \$ 37,335,765

Reimbursement For Revenue Loss:

Tax relief for elderly..... 177,066

Base for Debt Limitation Computation..... \$ 37,512,831

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension
Debt Limitation:					
2 1/4 times base.....	\$ 84,403,870	-	-	-	-
4 1/2 times base.....	-	\$ 168,807,740	-	-	-
3 3/4 times base.....	-	-	\$ 140,673,116	-	-
3 1/4 times base.....	-	-	-	\$ 121,916,701	-
3 times base.....	-	-	-	-	\$ 112,538,493
Total Debt Limitation	\$ 84,403,870	\$ 168,807,740	\$ 140,673,116	\$ 121,916,701	\$ 112,538,493

Indebtedness:

Bonds Outstanding.....	\$ 23,157,455	\$ 7,715,665	\$ 1,946,880	\$ -	\$ -
Bonds	-	-	-	-	-
Notes (This Issue).....	6,297,000	703,000	-	-	-
Debt Authorized But Unissued	-	40,000	-	-	-
Total Indebtedness	\$ 29,454,455	\$ 8,458,665	\$ 1,946,880	\$ -	\$ -

Less:

State School Grants Receivable ²	-	(2,010,913)	-	-	-
Water Assessment Receivable	-	-	(1,946,880)	-	-
Total Net Indebtedness	29,454,455	6,447,752	-	-	-

DEBT LIMITATION IN EXCESS

OF OUTSTANDING INDEBTEDNESS..... \$ 54,949,415 \$ 162,359,988 \$ 140,673,116 \$ 121,916,701 \$ 112,538,493

¹ Excludes self-supporting sewer debt. Please see "Other Long-Term Commitments" for further information.

² 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 \$262,589,817.

Authorized but Unissued Debt

Project	Amount Authorized	Previously Bonded / Paydowns	The Notes Due 11/8/18	Authorized but Unissued
Property Acquisition - Schools	\$ 465,000	\$ 425,000	\$ -	\$ 40,000
Capital Projects - General Purpose and Schools ¹	7,000,000	-	7,000,000	-
Total	\$ 7,465,000	\$ 425,000	\$ 7,000,000	\$ 40,000

¹ The projects are for the reconstruction and repair of various Town roads, roadside elements and parking lots, including associated drainage facilities, sidewalks and pedestrian ramps, the purchase of Fire Department breathing apparatus and related equipment, improvements to the Senior Center, the removal and replacement of fuel oil tanks at Alcott Elementary School, Frisbee Elementary School and Wakelee Elementary School, the purchase and installation of two (2) gas-fired boilers at Tyrrell Middle School, renovations to the Central Office at Alcott Elementary School and costs of issuance related thereto.

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

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value¹	Net Long-Term Debt²	Ratio of Net Long-Term Debt to Assessed Value (%)	Ratio of Net Long-Term Debt to Estimated Full Value (%)	Population³	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Per Capita Income⁴ (%)
2017 ⁵	\$ 1,282,942,815	\$ 1,832,775,450	\$ 24,670,000	1.92%	1.35%	16,717	\$1,475.74	4.28%
2016	1,271,057,987	1,815,797,124	22,680,000	1.78%	1.25%	16,717	1,356.70	3.94%
2015	1,265,322,865	1,807,604,093	25,390,000	2.01%	1.40%	16,717	1,518.81	4.41%
2014	1,257,541,104	1,796,487,291	21,290,000	1.69%	1.19%	16,717	1,273.55	3.69%
2013	1,254,860,310	1,792,657,586	23,915,000	1.91%	1.33%	16,717	1,430.58	4.15%
2012	1,363,377,222	1,947,681,746	26,535,000	1.95%	1.36%	16,717	1,587.31	4.61%

¹ Assessment Ratio: 70%.

² Does not reflect State of Connecticut School Construction grants, and water and sewer assessments applied to the retirement of the outstanding debt.

³ American Community Survey 2011-2015.

⁴ Money Income per Capita: American Community Survey 2011-2015 data: \$34,468 used for all calculations.

⁵ Subject to audit.

Ratios of Annual Long-Term General Fund Debt Service To Total General Fund Expenditures

Fiscal Year Ended 6/30	Annual Debt Service	Total General Fund Expenditures¹	Ratio of General Fund Debt Service To Total General Fund Expenditures
2017 ²	\$ 3,885,986	\$ 58,881,890	6.60%
2016	4,185,525	57,896,827	7.23%
2015	3,891,632	61,075,374	6.37%
2014	3,994,408	55,103,502	7.25%
2013	3,833,732	53,740,093	7.13%
2012	3,136,623	52,869,796	5.93%

¹ GAAP basis of accounting. Includes Transfers out.

² Subject to audit.

Source: Annual Audited Financial Statements.

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VI. Financial Administration

Fiscal Year

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

Accounting Policies

The financial statements of 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 Town has changed its financial reporting to comply with GASB Statement No. 34 beginning with its financial report for Fiscal Year ended June 30, 2003. Please refer to Appendix A "Basic Financial Statements" herein for compliance and implementation details.

The reporting model includes the following segments:

Management's Discussion and Analysis ("MD&A") – provides introductory information on basic financial statements and an analytical overview of the Town's financial activities.

Government-wide financial statements – consist of a statement of net assets and a statement of activities, which are prepared on the accrual basis of accounting. These statements distinguish between governmental activities and business-type activities and exclude fiduciary (employee retirement system and agency funds). Capital assets, including infrastructure and long-term obligations are included along with current assets and liabilities.

Fund financial statements – provide information about the Town's governmental, proprietary and fiduciary funds. These statements emphasize major fund activity and, depending on the fund type, utilize different basis of accounting.

Required supplementary information – in addition to the MD&A, budgetary comparison schedules are presented for the General Fund.

Please refer to Appendix A under "Notes to Financial Statements" herein for measurement focus and basis of accounting of the government-wide financial statements as well as the fiduciary fund financial statements of the Town.

Budgetary Procedures

A legally adopted budget for the General Fund is authorized annually for the following funds: General Fund, Acquired Facilities, Farmingbury Hills, Sewer Usage, Water Usage, Sewer Assessment and Water Assessment Funds. The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements, in accordance with provisions of its Town Charter:

- The head of each department, office or agency of the Town, supported wholly or in part from Town funds, including the Board of Education, submits to the Mayor a detailed estimate of the expenditures to be made and the revenues to be collected in the ensuing fiscal year. Estimates are required to be submitted to the Mayor at least 90 days before the end of the fiscal year.

- The Mayor presents the budgeted estimates of revenues and expenditures and justifications to the Town Council, no later than 90 days before the end of the fiscal year.

- Not less than 30 days before the beginning of the fiscal year, the Town Council holds a public hearing on the budget. The Town Council adopts the final budget before 20 days of the close of the fiscal year.

- Expenditures are budgeted by function, department and object. The legal level of budget control is the department level. Intradepartmental transfers of any amount under \$100 can be made without Town Council Approval. The Mayor may authorize additional appropriations up to \$20,000 on an individual basis and up to \$50,000 on a cumulative basis with the approval of the Town Council. Additional appropriations in excess of \$20,000 individually or \$50,000 cumulatively must be approved at a Town meeting.

- Formal budgetary integration is employed as a management control device during the year.

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. Generally, all unexpended appropriations lapse at year-end, except those for capital improvements and nonrecurring expenditures. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

Connecticut General Statutes Section 4-661 creates a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including but not limited to debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the statute. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase in the municipality's population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the statute and if so the amount by which the cap was exceeded. The 2017-2019 biennium budget legislation does not provide funding for the municipal revenue sharing grant in the fiscal years ending June 30, 2018 and June 20, 2019, but provides that such funding will resume following July 1, 2019.

Annual Audit

Pursuant to Connecticut law, the Town is required to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State of Connecticut, Office of Policy and Management ("OPM") and a copy of the report must be filed with OPM within six months of the end of the fiscal year. For the fiscal year ended June 30, 2017, the examination was conducted by the firm of Mahoney Sabol of Glastonbury, Connecticut.

Pension Plans

The Town maintains two single-employer, defined benefit pension plans: the Town General Pension Plan and the Board of Education Pension Plan. The Plans cover substantially all full-time employees except professional personnel at the Board of Education who are covered by the State of Connecticut Teacher's Retirement System. The Plans do not issue stand-alone financial statements and are part of the Town's financial reporting entity. As such, the Plans are accounted for in the fiduciary fund financial statements as Pension Trust Funds.

Town General Pension Plan

Plan administration - The Town administers a single-employer, contributory defined benefit pension plan (the "Town Plan"). The Town Plan provides retirement and disability benefits for eligible employees. The Town Plan is administered by a Retirement Board composed of selected members.

Plan membership - Eligible regular full-time employees of the Town and Police are members of the Town Plan. Eligible employees become members after completion of one year of service. Non-union Town employees are not permitted to participate in the plan after June 30, 2011, Town Hall Dispatcher union employees after October 1, 2011, and Police union employees after September 25, 2015.

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Benefits provided – The Town Plan provides retirement and disability benefits. The normal retirement age for police officers is either 60 with 20 years of service, age 50 with 25 years of service, or age 65. The normal retirement age for all other employees is 65. Normal retirement benefits consist of a yearly annuity. Police officers vest after seven years of service and are fully vested at that time. All other employees will vest in accordance with the following schedule in regards to Town contributions:

Years of Service	Vested Percentage
Less than 3	0%
3	20%
4	40%
5	60%
6	80%
7	100%

The following reflects the results of an actuarial valuation of Town General Pension Plan benefits as of January 1, 2017, with unaudited information for fiscal year ended 2017 and budgeted information for fiscal year ending 2018:

Fiscal Year Ended	Actual Contribution	Annual Required Contribution (ARC)	% of ARC Contributed
6/30/2013	\$ 888,418	\$ 886,264	100.2%
6/30/2014	1,025,000	1,022,367	100.3%
6/30/2015	1,058,150	1,058,150	100.0%
6/30/2016	1,158,500	1,158,247	100.0%
6/30/2017 ¹	1,345,461	1,345,461	100.0%
6/30/2018 ²	1,399,948	1,399,948	100.0%

¹ *Unaudited.*

² *Budgeted.*

The Town implemented GASB Statement No. 67 effective in Fiscal Year 2014. The following net pension liability of the Town Plan at June 30, 2017, determined by an actuarial valuation as of January 1, 2017 and based on actuarial assumptions as of that date, were as follows:

Total Pension Liability at June 30, 2017	\$ 30,868,074
Plan Fiduciary Net Position	20,196,566
Town's Net Pension Liability	\$ 10,671,508

Plan Fiduciary Net Position as % of	
Total Pension Liability	65.4%

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1 % Decrease (6.25)%	Current Discount (7.25)%	1 % Increase (8.25)%
Town Plan's Net Pension Liability as of June 30, 2017	\$ 14,574,586	\$ 10,671,508	\$ 7,414,060

Board of Education General Pension Plan

Plan administration – The Town of Wolcott Board of Education administers the Retirement Plan for the full-time employees of the Town of Wolcott Board of Education Pension Plan – a single-employer, contributory, defined benefit pension plan (the “Board of Education Plan”). The Board of Education Plan provides retirement, disability, and survivorship benefits for eligible employees of the Board. The Board of Education Plan is administered by a Retirement Board composed of selected members.

Plan membership – Eligible regular full-time employees of the Board of Education are members of the Board of Education Plan. Eligible employees become members after completion of one year of service.

Benefits provided – The Board of Education Plan provides retirement, disability, and death benefits. The normal retirement age for the custodial group is either 62 with 30 years of service, or age 65 with 5 years of service. The normal retirement age for the non-custodial group (secretaries, nurses and cafeteria workers) is 62 with 5 years of service. The normal retirement age for the business manager is 60 with 22 years of service. The secretarial group is fully vested after ten years of service and all other employees vest after five years of service, and are fully vested at that time. Normal retirement benefits consist of a yearly annuity.

For all employees, the benefit is based on 50% of final average salary. Final average salary is defined as the highest five-year average within the last 10 years. The benefit is reduced by 1/20 for every year of service less than 20.

All participants are eligible for early retirement not more than ten years prior to normal retirement age with at least 15 years of service.

The following reflects the results of an actuarial valuation of Board of Education General Pension Plan benefits as of September 1, 2016 with unaudited information for fiscal year 2017 and budgeted information for fiscal year ending 2018:

<i>Fiscal Year Ended</i>	<i>Actual Contribution</i>	<i>Annual Required Contribution (ARC)</i>	<i>% of ARC Contributed</i>
6/30/2013	\$ 557,457	\$ 532,540	104.7%
6/30/2014	544,934	570,934	95.4%
6/30/2015	655,743	642,343	102.1%
6/30/2016	767,343	642,343	119.5%
6/30/2017 ¹	607,943	640,013	95.0%
6/30/2018 ²	632,513	673,012	94.0%

¹ *Unaudited.*

² *Budgeted.*

The Town implemented GASB Statement No. 67 effective in Fiscal Year 2014. The following net pension liability of the Board of Education Plan at June 30, 2016, determined by an actuarial valuation as of September 1, 2016 and based on actuarial assumptions as of that date, were as follows:

Total Pension Liability at June 30, 2017	\$ 15,402,166
Plan Fiduciary Net Position	12,271,586
Town's Net Pension Liability	\$ 3,130,580

Plan Fiduciary Net Position as % of
Total Pension Liability 79.7%

The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the 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.

	<i>1 % Decrease (6.50)%</i>	<i>Current Discount (7.50)%</i>	<i>1 % Increase (8.50)%</i>
Board of Education's Net Pension Liability as of June 30, 2017	\$ 3,376,692	\$ 3,130,580	\$ 744,465

Connecticut State Teachers' Retirement System

All Town teachers participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut or has attained any age and has accumulated 35 years of credited service, at least 25 of which are service in the public schools of Connecticut. The financial statements of the plan are available from

the Connecticut Office of the State Comptroller, 55 Elm Street, Hartford, CT 06106. The Town does not and is not legally responsible to contribute to the plan.

For further details on the plans, please refer to Appendix A under “Notes to Financial Statements, Note K” herein.

Other Post Employment Benefits

The Town, in accordance with collective bargaining agreements, is committed to providing medical benefits to certain eligible retirees, spouses and beneficiaries. The other postemployment benefit program (OPEB) covers Town and Board of Education retired employees. The plan provides for medical, prescription drugs and dental benefits. All retired program members receiving benefits are required to contribute except for Medicare retirees in the Town Hall/Dispatchers union hired prior to July 1, 2005, and the Secretaries, Custodian and Teacher unions. The percentage contribution of the employees and retirees for these benefits vary and are detailed in the Town’s various bargaining agreements. The Town does not issue a separate stand alone financial statement for this program.

The Town funding and payment of postemployment benefits are accounted for in the General Fund on a pay-as-you-go basis. The Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with postemployment benefits. The Town is currently developing a funding strategy to provide for normal cost and the amortization of the accrued liability. Although a trust fund may not be established in the future to exclusively control the funding and reporting of postemployment benefits, the Town anticipates a commitment to fund normal cost and a long-term approach to amortization of the actuarial accrued liability. The goal is to absorb, within the budgetary process, the actual cost of benefits in the determination of the costs of providing services to taxpayers.

The following reflects the results of an actuarial valuation of postemployment benefits as of July 1, 2016:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Overfunded (Unfunded) AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/2008	\$ -	\$ 18,646,344	\$ (18,646,344)	0.0%	\$ 25,203,401	74.0%
7/1/2010	-	21,462,037	(21,462,037)	0.0%	21,419,478	100.2%
7/1/2012	-	20,645,315	(20,645,315)	0.0%	24,373,895	84.7%
7/1/2014	-	19,045,930	(19,045,930)	0.0%	23,838,631	79.9%
7/1/2016	-	23,652,176	(23,652,176)	0.0%	N/A ¹	N/A ¹

¹ Effective July 2, 2016 the Actuarial Cost Method was changed to Entry Age Normal as a level percent of pay (prior to July 1, 2016, Projected Unit Cost Method was used).

For further details on OPEB, please refer to Appendix A under “Notes to Financial Statements, Note L” herein.

Investment Policies and Practices

The Town Charter and Sections 7-400 and 7-402 of the Connecticut General Statutes govern the investments the Town is permitted to acquire. Generally, the Town may invest in certificates of deposit, municipal bonds and notes, obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the Federal Home Loan Banks, all Federal Land Banks, the Tennessee Valley Authority, or any other agency of the United States government, and money market mutual funds.

The investment practices of the Town of Wolcott are in compliance with the Connecticut General Statutes and its Charter.

Comparative Balance Sheets - General Fund

	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Assets					
Cash and Cash Equivalents.....	\$ 5,243,049	\$ 4,048,163	\$ 3,755,088	\$ 3,917,444	\$ 3,149,701
Investments.....	980,000	980,000	490,000	-	-
Accounts Receivable, Net	3,724,167	4,230,030	4,786,719	5,197,411	6,168,304
Due From Other Funds	502,417	436,452	594,152	297,279	275,643
Total Assets	10,449,633	9,694,645	9,625,959	9,412,134	9,593,648
Liabilities and Fund Balances					
Accounts Payable	1,469,007	1,254,348	1,183,634	872,795	1,108,393
Accrued Salaries and Benefits Payable.....	219,540	169,160	327,187	196,131	-
Due to Other Funds.....	709	-	-	-	14,000
Unearned Revenue	26,832	20,491	22,272	22,479	-
Deferred Revenue	-	-	-	-	5,376,359
Total Liabilities	1,716,088	1,443,999	1,533,093	1,091,405	6,498,752
Deferred Inflows of Resources					
Total Deferred Inflows of Revenue.....	3,531,963	3,804,201	4,280,369	4,768,330	-
Fund Balances					
Nonspendable.....	-	-	-	-	-
Restricted.....	-	-	-	-	-
Committed.....	-	-	-	-	-
Assigned.....	247,649	140,367	56,882	102,984	183,534
Unassigned.....	4,953,933	4,306,078	3,755,615	3,449,415	2,911,362
Total Fund Balance	5,201,582	4,446,445	3,812,497	3,552,399	3,094,896
Total Liabilities, Deferred Inflows of Resources and Fund Balances	10,449,633	9,694,645	9,625,959	9,412,134	9,593,648
Analysis of General Fund Balance					
Operating revenues	\$58,227,754	\$57,021,088	\$ 56,261,679	\$ 54,641,282	\$ 53,109,249
Fund balance as a percent of operating revenues	8.93%	7.80%	6.78%	6.50%	5.83%
Unassigned fund balance as a percent of operating revenues	8.51%	7.55%	6.68%	6.31%	5.48%

Intergovernmental Revenues

Fiscal Year	Intergovernmental	Total	
Ended 6/30	Revenues	Revenues	Percent
2017 ¹	\$ 20,111,705	\$ 59,637,027	33.72%
2016	20,092,505	57,021,088	35.24%
2015	20,699,671	56,261,679	36.79%
2014	20,711,146	54,641,282	37.90%
2013	20,168,083	53,109,249	37.97%
2012	19,263,593	51,428,413	37.46%

¹ Subject to audit.

Source: Annual Audited Financial Statements.

Note: See also information regarding the status of the State of Connecticut biennium budget and impact to the Town, on page 32 herein.

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

	Budget ^{1,3} 6/30/2018	Actual 6/30/2017	Actual 6/30/2016	Actual 6/30/2015	Actual 6/30/2014	Actual 6/30/2013
Revenues:						
Property Taxes	\$ 38,548,256	\$ 37,383,242	\$ 35,996,804	\$ 34,705,469	\$ 32,875,640	\$ 32,153,900
Departmental Revenues	926,898	732,807	931,779	856,539	1,054,496	787,266
Intergovernmental ²	15,284,963	20,111,705	20,092,505	20,699,671	20,711,146	20,168,083
Transfers In	-	1,409,273	1,509,687	5,073,793	919,723	1,004,177
Total Revenues & Transfers In.....	54,760,117	59,637,027	58,530,775	61,335,472	55,561,005	54,113,426
Expenditures:						
General Government	15,987,845	15,203,081	15,095,199	14,513,021	13,812,397	12,788,696
Debt Service	4,362,031	3,885,986	4,185,525	3,891,632	3,994,408	3,833,732
Education	34,129,851	38,053,884	37,563,529	37,739,030	37,034,923	36,419,835
Capital Outlay	280,390	1,198,939	982,574	106,871	207,205	421,830
Transfers Out	-	540,000	70,000	4,824,820	54,569	276,000
Total Expenditures & Transfers Out.....	54,760,117	58,881,890	57,896,827	61,075,374	55,103,502	53,740,093
Excess (Deficiency) of Revenues Over Expenditures.....						
	-	755,137	633,948	260,098	457,503	373,333
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other financing uses.....						
	-	755,137	633,948	260,098	457,503	373,333
Fund Balance, Beginning of Year.....	5,201,582	4,446,445	3,812,497	3,552,399	3,094,896	2,721,563
Fund Balance, End of Year.....	\$ 5,201,582	\$ 5,201,582	\$ 4,446,445	\$ 3,812,497	\$ 3,552,399	\$ 3,094,896

Analysis of General Fund Balance

Fund balance as a percent of operating expenditures	-	8.83%	7.68%	6.24%	6.45%	5.76%
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¹ Budgetary, Basis of accounting. Subject to audit. No assurances can be given that subsequent projections and the final result of operations will not change.

² The difference in intergovernmental revenues is due to Teachers on behalf pension payments.

³ Note: See also information regarding the status of the State of Connecticut biennium budget and impact to the Town, below.

Status of the State of Connecticut Budget and Impact to the Town

The Town's Fiscal Year 2017-18 General Fund adopted budget totals \$54,760,117 for estimated revenues and \$54,760,117 for expenditures. Budgeted revenue sources in Fiscal Year 2018 include \$38,548,256 for property taxes, \$15,284,963 in Intergovernmental Revenues (including State aid) and \$926,898 in other reimbursements.

On October 26, 2017, the Connecticut General Assembly adopted a biennium budget for the fiscal years ending June 30, 2018 and June 30, 2019 (See Senate Bill No. 1502, June 2017 Special Session). On October 31, 2017, the Governor signed the budget into law. Under the newly adopted State budget, the Town will receive approximately \$600,000 less in State aid for the fiscal year ending June 30, 2018 compared to what the Town has budgeted. On November 17, 2017, the Office of Policy and Management published Governor Dannel P. Malloy's proposal to hold back municipal aid from Connecticut municipalities for the fiscal year ending June 30, 2018. According to this proposal, the total fiscal year 2018 holdbacks from the Town of Wolcott would be \$1,125,968. The Town is prepared to employ strategies to mitigate the impact of the reduction in State aid, including, but not limited to, reducing operating expenses, and issuing supplemental tax bills.

The ability of the Town to meet its payment obligations under the Bonds will depend on the continued availability to the Town of revenues from a variety of sources sufficient to meet Town obligations such as operating expenses, debt service on the Bonds and other debt of the Town and extraordinary costs or expenses which may occur from time to time. Revenues and expenses of the Town will be affected by future events and conditions which will include the Town's ability to control expenses, the Town's ability to maintain or increase property tax revenues and other sources of revenue, and the Town's access to other sources of funds, including State aid.

Future revenues and expenses of the Town will be subject to conditions which may differ from current conditions to an extent that cannot be determined at this time. For descriptions of the Town's current finances and operations as well as certain projected financial and operating results of the Town see the financial statements in Appendix A and the information in the section "General Fund Revenues and Expenditures" above.

VII. Legal and Other Information

Litigation

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

Transcript and Documents Furnished at Delivery

Upon the delivery of the Notes, the winning bidder will be furnished with the following:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Notes or the levy or collection of taxes to pay the principal of and interest on the Notes.
2. A Certificate on behalf of the Town signed by the Mayor, Treasurer and Finance Officer which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time the bids were accepted, 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 or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. Receipt for the purchase price of the Notes.
4. Approving opinion of Shipman & Goodwin LLP, Bond Counsel, of Hartford, Connecticut, substantially in the form of Appendix B, attached hereto.
5. Continuing Disclosure Agreement, substantially in the form of Appendix C, attached hereto.
6. The Town of Wolcott has prepared an Official Statement for this note issue which is dated January 30, 2018. The Town deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(5), but it is subject to revision or amendment.

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Concluding Statement

This Official Statement is not to be construed as a contract or agreement between the Town and the purchaser or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any 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.

TOWN OF WOLCOTT, CONNECTICUT

/s/ Thomas G. Dunn
THOMAS G. DUNN
Mayor

/s/ Anthony J. Marino
ANTHONY J. MARINO
Treasurer

/s/ Susan E. Hale
SUSAN E. HALE
Finance Officer

January 30, 2018

Appendix A

2017 General Purpose Financial Statements

The following includes excerpts from the Comprehensive Annual Financial Report of the Town of Wolcott, Connecticut for the fiscal year ended June 30, 2017. The supplemental data which was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Barry J. Bernabe, Managing Director, Phoenix Advisors LLC, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 283-1110.

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INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Wolcott, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Wolcott, Connecticut (the "Town"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Wolcott, Connecticut, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison schedules for the General Fund and Water Assessment Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 14, and the schedules on the Town's pension plans and other post-employment benefit program on pages 69 through 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund statements and schedules on pages 75 through 98 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund 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 fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2017 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Glastonbury, Connecticut
November 29, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

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TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2017

As management of the Town of Wolcott, Connecticut (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2017.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$39,658,321 (net position). Of this amount, \$10,723,814 represents a deficit in the Town's unrestricted net position. This deficit is primarily attributed to the Town's liabilities for its pension and other post-employment benefits program, which are being funded on an annual basis by the Town based on actuarially determined contributions.
- The Town's total net position increased by \$1,345,170 during the current fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$9,286,557, an increase of \$11,403,920 in comparison with the prior year. This increase is primarily attributed to the recognition of bond anticipation notes in the amount of \$11,300,000.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,953,933 or 8.5% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately one month of General Fund operating expenditures.
- The Town's total capital assets decreased by \$101,387 or 0.1%.
- The Town's total long-term obligations increased by \$1,925,107 or 3.7%.

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 overview 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, deferred outflows and inflows of resources, and liabilities, with net position as the residual of these elements. 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.

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)*(Continued)*
JUNE 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Government-wide Financial Statements *(Continued)*

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 only result in cash flows in future fiscal periods.

The government-wide financial statements display information about the Town's governmental activities which include general government, public safety, public works, culture and recreation, health and welfare, and education. The Town does not have any business-type activities.

The government-wide financial statements include only the Town itself because there are no legally separate organizations for which the Town is financially accountable.

The government-wide financial statements can be found on pages 15 and 16 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

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

The basic governmental fund financial statements can be found on pages 17 through 23 of this report.

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(*Continued*)
JUNE 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (*Continued*)

Fund Financial Statements (*Continued*)

Proprietary Funds

Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its risk management activities. Because this service benefits governmental activities, it has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 24 through 26 of this report.

Fiduciary Funds

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

The basic fiduciary fund financial statements can be found on pages 27 through 28 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. The notes to the financial statements can be found on pages 29 through 68 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information and combining and individual fund statements and schedules which can be found on pages 69 through 98 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

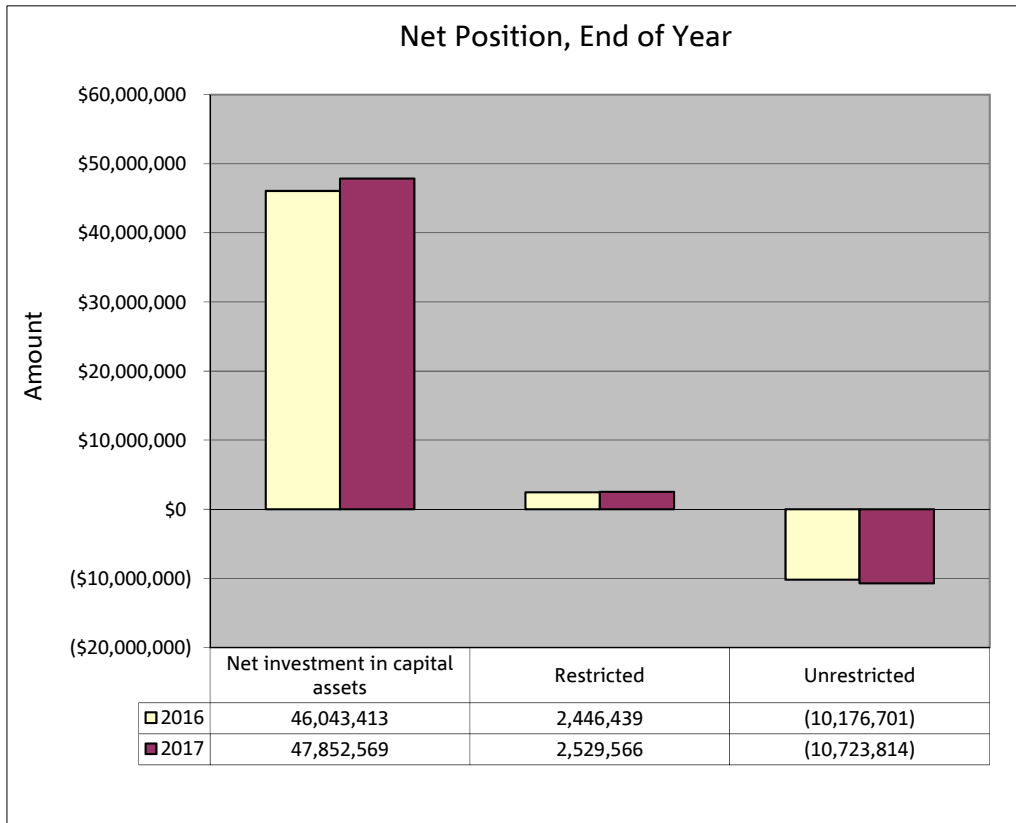
Over time, net position may serve as one measure of a government's financial position. Total net position of the Town totaled \$39,658,321 and \$38,313,151 as of June 30, 2017 and 2016, respectively and are summarized as follows. Certain amounts reported for the year ended June 30, 2016 have been reclassified to conform with the current year presentation.

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(Continued)
JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)

	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 21,598,331	\$ 21,773,515
Capital assets, net	85,720,761	85,822,148
Total assets	<u>107,319,092</u>	<u>107,595,663</u>
Deferred outflows of resources	<u>4,353,424</u>	<u>3,354,520</u>
Long-term liabilities	53,504,953	51,579,846
Other liabilities	15,031,490	19,670,545
Total liabilities	<u>68,536,443</u>	<u>71,250,391</u>
Deferred inflows of resources	<u>3,477,752</u>	<u>1,386,641</u>
Net position:		
Net investment in capital assets	47,852,569	46,043,413
Restricted	2,529,566	2,446,439
Unrestricted	<u>(10,723,814)</u>	<u>(10,176,701)</u>
Total net position	<u>\$ 39,658,321</u>	<u>\$ 38,313,151</u>



TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(Continued)
JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)

Of the Town's net position, 120.7% reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

6.4% of the Town's net position is subject to external restrictions on how they may be used and are therefore presented as restricted net position.

The remainder of the Town's net position represents an unrestricted deficit. Overall, net position increased by \$1,345,170.

Changes in Net Position

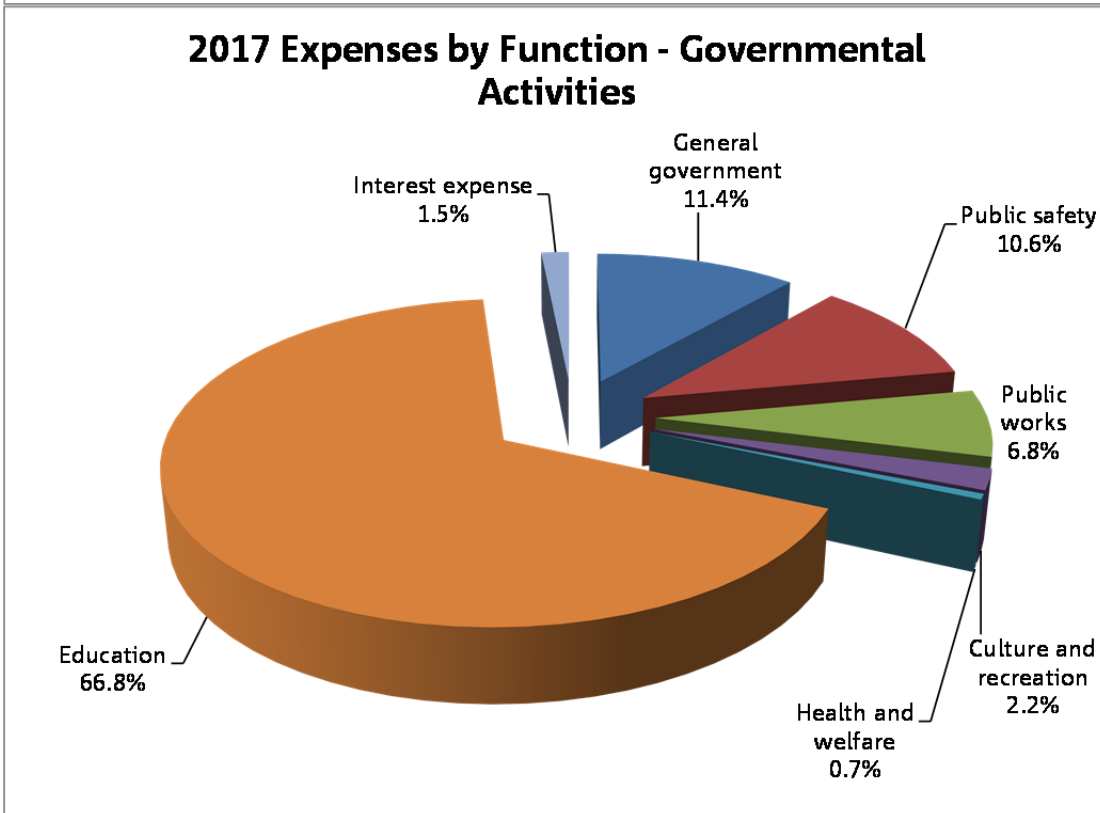
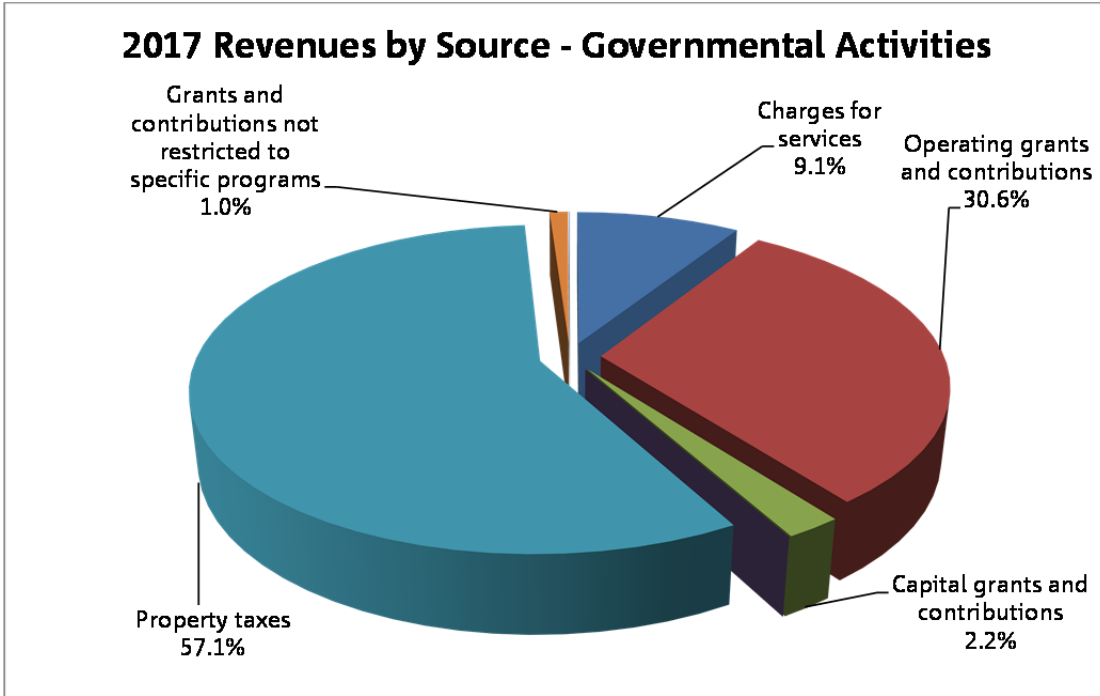
Changes in net position for the years ended June 30, 2017 and 2016 are as follows.

	<u>2017</u>	<u>2016</u>
Program revenues:		
Charges for services	\$ 5,986,110	\$ 5,643,836
Operating grants and contributions	20,211,137	20,424,629
Capital grants and contributions	1,480,409	1,125,797
General revenues:		
Property taxes	37,716,617	36,155,327
Grants and contributions not restricted to specific programs	666,618	261,069
Unrestricted investment earnings	41,902	17,145
Total revenues	<u>66,102,793</u>	<u>63,627,803</u>
Program expenses:		
General government	7,393,105	7,339,736
Public safety	6,919,718	6,812,075
Public works	4,408,109	4,471,351
Culture and recreation	1,375,732	1,514,564
Health and welfare	364,808	260,554
Education	43,285,957	42,091,671
Interest expense	1,010,194	834,350
Total expenses	<u>64,757,623</u>	<u>63,324,301</u>
Change in net position	<u>\$ 1,345,170</u>	<u>\$ 303,502</u>

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(Continued)
JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position (Continued)



TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(*Continued*)
JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (*Continued*)

Governmental Activities

Governmental activities increased the Town's net position by \$1,345,170. Revenues generated by the Town increased by \$2,474,990 or 3.9% and expenses incurred by the Town increased by \$1,433,322 or 2.3%, when compared to the prior year.

Key elements of the current year change in net position were an increase in tax revenues of approximately \$1.6 million or 4.3%, primarily attributed to a 3.0% increase in the Town's mill rate, offset by an increase in education expenses of approximately \$1.2 million or 2.8%, primarily attributed to union negotiated contractual increases in salaries and related benefits.

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.

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 end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$9,286,557, an increase of \$11,403,920 in comparison with the prior year. Of this amount, \$3,655,953 constitutes unassigned fund balance, which is available for spending at the Town's discretion.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,953,933, while total fund balance was \$5,201,582. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 8.5% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately one month of General Fund operating expenditures.

The fund balance of the Town's General Fund increased by \$755,137 during the current fiscal year as a result of favorable budget results, outlined in the General Fund Budgetary Highlights section below.

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
JUNE 30, 2017

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS *(Continued)*

Capital Improvement Fund

The Capital Improvement Fund has a fund balance of \$197,497 as of June 30, 2017, which is a reduction in the deficit of \$10,490,144 from the prior year. The reduction in the prior year deficit is primarily attributable to the recognition of proceeds from bond anticipation notes in the amount of \$11,300,000, which were subsequently refinanced by the issuance of general obligations bonds as permanent financing of capital outlays.

Water Assessment Fund

The fund balance of the Water Assessments Fund decreased by \$113,999 during the current fiscal year. This decrease was due to scheduled debt repayments in excess of current year collections on assessments levied.

Small Cities Grant Program Fund

The fund balance of the Small Cities Grant Fund increased by \$45,014 during the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The actual net change in the fund balance of the General Fund on a budgetary basis was an increase of \$647,855. No supplemental appropriations were made during the fiscal year.

During the year, revenues exceeded budgetary estimates by \$71,169 or 0.1% and expenditures were \$596,323 or 1.1% less than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2017 totaled \$85,720,761 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, construction in progress, buildings and improvements, machinery and equipment, vehicles and infrastructure. The Town's investment in capital assets decreased \$101,387 or 0.1%.

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
JUNE 30, 2017

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

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

- Additions to construction in progress of \$867,828 related to ongoing construction of Town roads, bridges and sidewalks in addition to the acquisition of a fire pumper truck.
- Additions of \$482,782 in vehicles, machinery, and equipment related to the purchase of a public works dump truck and police vehicles.
- Additions of \$307,091 in buildings and improvements primarily due to the completion of renovations at the Alcott Elementary School and significant repairs made to the salt barn canopy.
- An addition of \$325,000 in land due to the acquisition of 180 Nichols Road, a parcel of land to be utilized for recreation and open space.
- An increase of approximately \$1.1 million in infrastructure due to the completion of various road reconstruction projects.

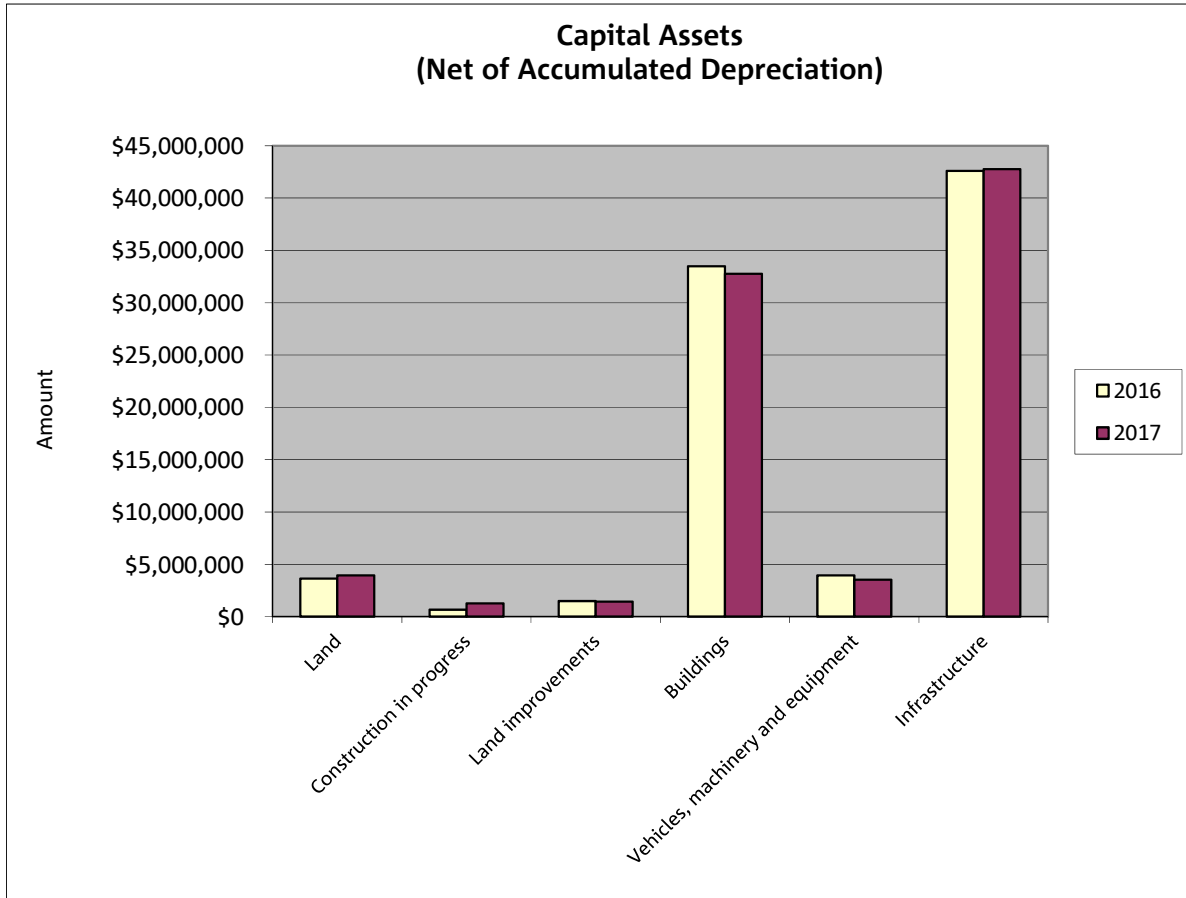
The following table is a two year comparison of the investment in capital assets, net of accumulated depreciation:

	<u>2017</u>	<u>2016</u>
Land	\$ 3,955,774	\$ 3,630,774
Construction in progress	1,286,057	678,713
Land improvements	1,441,555	1,480,995
Buildings	32,767,405	33,493,107
Vehicles, machinery and equipment	3,518,268	3,944,132
Infrastructure	42,751,702	42,594,427
Totals	<u>\$ 85,720,761</u>	<u>\$ 85,822,148</u>

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
JUNE 30, 2017

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)



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

Long-term Debt

At the end of the current fiscal year, the Town had total long-term debt (consisting of bonds, notes and capital lease obligations) outstanding of \$26,508,727, all of which is backed by the full faith and credit of the Town. The Town's total principal long-term debt increased by \$2,261,286 or 8.5%. Significant activities relating to changes in long-term debt are as follows:

- The issuance of \$4,590,000 in general obligation bonds, the proceeds of which were used to retire previously outstanding bond anticipation notes.
- Capital lease financing of \$889,894 utilized for the purchase of a Fire Truck, police vehicles, a dump truck and equipment.
- Scheduled debt repayments of \$3,218,608.

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
JUNE 30, 2017

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

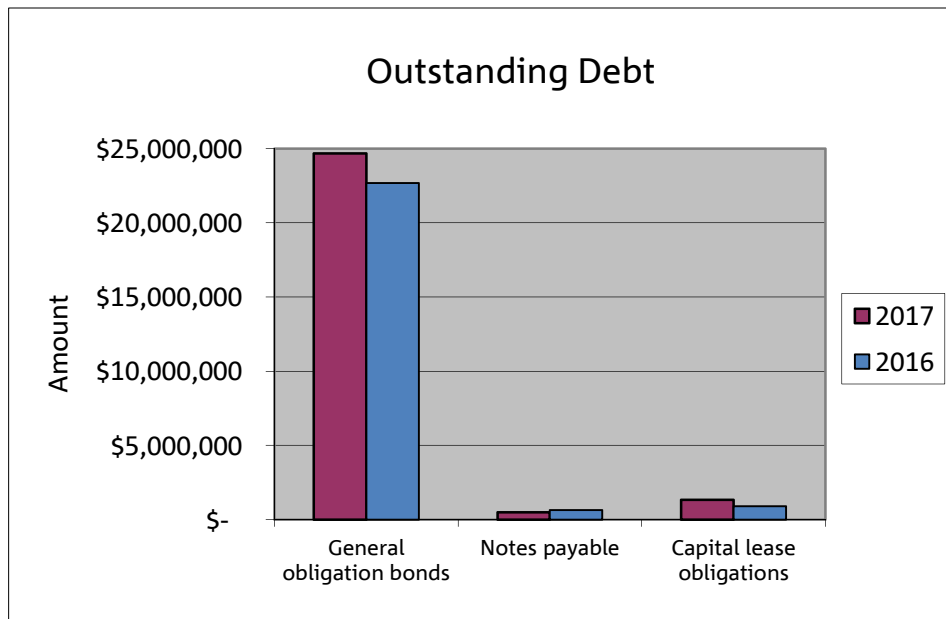
Long-term Debt (Continued)

In addition to the long-term debt discussed above, the Town also issued \$11,710,000 in bond anticipation notes during the current fiscal year. The purpose of the bond anticipation notes are to provide interim financing for various ongoing construction projects until future general obligation bonds are issued. During October 2017, the Town permanently financed \$11,300,000 of the bond anticipation notes through the issuance of general obligation bonds.

State statutes limit the amount of general obligation debt the Town may issue to seven times its 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 tables are a two year comparison of long-term debt:

	<u>2017</u>	<u>2016</u>
General obligation bonds	\$ 24,670,000	\$ 22,680,000
Notes payable	498,252	658,321
Capital lease obligations	1,340,475	909,120
Totals	<u>\$ 26,508,727</u>	<u>\$ 24,247,441</u>



Additional information on the Town's debt can be found in Notes H and I of this report.

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
JUNE 30, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- The unemployment rate for the Town (September 2017) was 3.3%, which compares favorably to the state's unemployment rate of 4.0%.
- Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:
 - For purposes of calculating property tax revenues for fiscal year 2018, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
 - Intergovernmental grants were based on estimates from the State.
 - It is unknown how changes in market interest rates will impact real estate activity and related revenues collected by the Town Clerk and the amount of conveyance taxes and interest income.

All of these factors were considered in preparing the Town's budget for fiscal year 2018. The Town's fiscal year 2018 General Fund budget was approved by the Town Council on June 19, 2017. The approved budget contemplated expenditures of \$54,760,117, which is an increase of \$758,654 or 1.4% over the original fiscal year 2017 budgeted expenditures.

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 the Finance Department, Town of Wolcott, 10 Kenea Avenue, Wolcott, Connecticut 06716.

BASIC FINANCIAL STATEMENTS

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TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 11,246,374
Investments	1,325,000
Receivables:	
Property taxes and interest, net	1,669,810
Grants and contracts	877,660
Assessments, net	200,000
Usage fees, net	1,311,103
Other	197,531
Noncurrent assets:	
Grants and contracts receivable	1,411,949
Assessments receivable	1,009,620
Loans receivable	2,349,284
Capital assets:	
Non-depreciable	5,241,831
Depreciable, net	80,478,930
Total assets	107,319,092
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on sewer upgrades	498,252
Deferred charges on refundings	517,447
Deferred charges on pensions	3,337,725
	4,353,424
 LIABILITIES	
Accounts payable	2,230,501
Accrued liabilities:	
Salaries and benefits payable	219,540
Accrued interest	265,603
Claims payable	531,576
Bond anticipation notes payable	11,710,000
Unearned revenue	74,270
Noncurrent liabilities:	
Due within one year	4,162,806
Due in more than one year	49,342,147
Total liabilities	68,536,443
 DEFERRED INFLOWS OF RESOURCES	
Deferred charges on pensions	3,477,752
 NET POSITION	
Net investment in capital assets	47,852,569
Restricted for:	
Rehabilitation loan program	2,349,284
Other purposes	180,282
Unrestricted	(10,723,814)
Total net position	\$ 39,658,321

The accompanying notes are an integral part of these financial statements .

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental activities:					
General government	\$ 7,393,105	\$ 389,735	\$ 127,800	\$ -	\$ (6,875,570)
Public safety	6,919,718	335,170	72,919	-	(6,511,629)
Public works	4,408,109	1,886,458	239,079	787,460	(1,495,112)
Culture and recreation	1,375,732	653,041	38,417	-	(684,274)
Health and welfare	364,808	50,745	323,101	-	9,038
Education	43,285,957	2,670,961	19,409,821	692,949	(20,512,226)
Interest expense	1,010,194	-	-	-	(1,010,194)
Total governmental activities	<u>64,757,623</u>	<u>5,986,110</u>	<u>20,211,137</u>	<u>1,480,409</u>	<u>(37,079,967)</u>
General revenues:					
					37,716,617
					666,618
					41,902
					<u>38,425,137</u>
					1,345,170
					<u>38,313,151</u>
					<u>\$ 39,658,321</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF WOLCOTT, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Water Assessments Fund</u>	<u>Small Cities Grant Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 5,243,049	\$ 621,970	\$ 1,295,539	\$ 45,014	\$ 2,295,007	\$ 9,500,579
Investments	980,000	-	-	-	345,000	1,325,000
Receivables:						
Property taxes and interest, net	1,669,810	-	-	-	-	1,669,810
Grants and contracts	2,010,913	-	-	24,173	254,523	2,289,609
Loans	-	-	-	2,349,284	-	2,349,284
Assessments, net	-	-	1,196,437	-	13,183	1,209,620
Usage fees, net	-	-	-	-	1,311,103	1,311,103
Other	43,444	-	-	-	32,125	75,569
Due from other funds	502,417	-	-	-	2,048	504,465
Inventories	-	-	-	-	21,592	21,592
Total assets	<u>\$ 10,449,633</u>	<u>\$ 621,970</u>	<u>\$ 2,491,976</u>	<u>\$ 2,418,471</u>	<u>\$ 4,274,581</u>	<u>\$ 20,256,631</u>
LIABILITIES						
Accounts payable	\$ 1,469,007	\$ 13,698	\$ -	\$ 24,173	\$ 701,987	\$ 2,208,865
Accrued salaries and benefits payable	219,540	-	-	-	-	219,540
Bond anticipation notes payable	-	410,000	-	-	-	410,000
Due to other funds	709	775	-	-	502,981	504,465
Unearned revenue	26,832	-	-	-	47,438	74,270
Total liabilities	<u>1,716,088</u>	<u>424,473</u>	<u>-</u>	<u>24,173</u>	<u>1,252,406</u>	<u>3,417,140</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	<u>3,531,963</u>	<u>-</u>	<u>1,196,437</u>	<u>2,349,284</u>	<u>475,250</u>	<u>7,552,934</u>
FUND BALANCES						
Nonspendable	-	-	-	-	21,592	21,592
Restricted	-	1,057,507	-	45,014	135,268	1,237,789
Committed	-	-	1,409,538	-	2,714,036	4,123,574
Assigned	247,649	-	-	-	-	247,649
Unassigned	4,953,933	(860,010)	(113,999)	-	(323,971)	3,655,953
Total fund balances	<u>5,201,582</u>	<u>197,497</u>	<u>1,295,539</u>	<u>45,014</u>	<u>2,546,925</u>	<u>9,286,557</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,449,633</u>	<u>\$ 621,970</u>	<u>\$ 2,491,976</u>	<u>\$ 2,418,471</u>	<u>\$ 4,274,581</u>	<u>\$ 20,256,631</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF WOLCOTT, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total fund balance for governmental funds	\$	9,286,557
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Non-depreciable	\$	5,241,831	
Depreciable, net		80,478,930	
		85,720,761	85,720,761

Some of the Town's receivables will be collected after year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources in the funds.		7,552,934
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The following deferred outflows and inflows of resources are applicable to the Town's governmental activities, but do not effect the current period and, therefore, are not reported in the funds:

Deferred charge on sewer upgrades		498,252	
Deferred charge on refundings		517,447	
Deferred losses on pension expense		3,337,725	
Deferred gains on pension expense		(3,477,752)	
		875,672	875,672

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.

Accrued interest payable		(265,603)	
Long-term debt:			
Bonds payable, net		(26,392,671)	
Bond anticipation notes payable		(11,300,000)	
Other long-term liabilities:			
Notes payable		(498,252)	
Capital lease obligations		(1,340,475)	
Heart and Hypertension obligations		(1,027,436)	
Compensated absences		(2,593,450)	
Early retirement incentive		(4,275)	
Net pension liabilities		(12,381,422)	
Net OPEB obligation		(9,266,972)	
		(65,070,556)	(65,070,556)

An internal service fund is used by the Town to charge the cost of risk management activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.

		1,292,953
Net position of governmental activities	\$	39,658,321

The accompanying notes are an integral part of these financial statements .

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

	General Fund	Capital Improvement Fund	Water Assessments Fund	Small Cities Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 37,383,242	\$ -	\$ -	\$ -	\$ -	\$ 37,383,242
Intergovernmental	20,111,705	-	-	147,313	2,496,046	22,755,064
Charges for services	615,958	-	217,641	29,975	3,355,188	4,218,762
Interest income	38,289	-	-	32	3,581	41,902
Other	78,560	-	-	14,988	156,936	250,484
Total revenues	<u>58,227,754</u>	<u>-</u>	<u>217,641</u>	<u>192,308</u>	<u>6,011,751</u>	<u>64,649,454</u>
EXPENDITURES						
Current:						
General government	7,011,570	-	-	-	47,340	7,058,910
Public safety	5,617,419	-	-	-	230,951	5,848,370
Public works	1,830,767	-	-	-	1,021,062	2,851,829
Culture and recreation	544,184	-	-	-	636,181	1,180,365
Health and welfare	199,141	-	-	147,294	10,006	356,441
Education	38,053,884	-	-	-	3,058,149	41,112,033
Capital outlays	1,198,939	1,057,507	-	-	772,259	3,028,705
Debt service:						
Principal payments	3,013,416	-	-	-	197,234	3,210,650
Interest and fiscal charges	872,570	285,144	-	-	15,703	1,173,417
Debt issuance costs	-	71,167	-	-	-	71,167
Total expenditures	<u>58,341,890</u>	<u>1,413,818</u>	<u>-</u>	<u>147,294</u>	<u>5,988,885</u>	<u>65,891,887</u>
Excess (deficiency) of revenues over expenditures	(114,136)	(1,413,818)	217,641	45,014	22,866	(1,242,433)
OTHER FINANCING SOURCES (USES)						
Capital lease financing	889,894	-	-	-	-	889,894
Proceeds from bonds	-	4,590,000	-	-	-	4,590,000
Proceeds from bond anticipation notes	-	11,300,000	-	-	-	11,300,000
Premium on bonds and notes	-	456,459	-	-	-	456,459
Repayment of bond anticipation notes	-	(4,590,000)	-	-	-	(4,590,000)
Transfers in	519,379	470,000	-	-	70,000	1,059,379
Transfers out	(540,000)	(125,000)	(331,640)	-	(62,739)	(1,059,379)
Total other financing sources (uses)	<u>869,273</u>	<u>12,101,459</u>	<u>(331,640)</u>	<u>-</u>	<u>7,261</u>	<u>12,646,353</u>
Net change in fund balances	755,137	10,687,641	(113,999)	45,014	30,127	11,403,920
Fund balances - beginning	4,446,445	(10,490,144)	1,409,538	-	2,516,798	(2,117,363)
Fund balances - ending	<u>\$ 5,201,582</u>	<u>\$ 197,497</u>	<u>\$ 1,295,539</u>	<u>\$ 45,014</u>	<u>\$ 2,546,925</u>	<u>\$ 9,286,557</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF WOLCOTT, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds \$ 11,403,920

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

Governmental funds report capital outlays as expenditures. In addition, depreciation expense and gains (losses) on the sale of capital assets are not reported in the Governmental Funds. This amount reflects the net effect of these differences. (101,387)

Deferred outflows and inflows of resources resulting from changes in the components of the net pension liability are amortized as a component of pension expense in the statement of activities. (855,542)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term obligations is as follows:

Debt issued or incurred:			
Capital lease financing		(889,894)	
Bond anticipation notes		(11,300,000)	
Principal repayments:			
Bonds and notes payable		2,760,069	
Capital lease financing		458,539	
Net adjustment		(8,971,286)	(8,971,286)

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of resources in the governmental funds. This amount represents the change in deferred inflows of resources. (298,078)

(Continued)

TOWN OF WOLCOTT, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES (Continued)
FOR THE YEAR ENDED JUNE 30, 2017

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The net effect of such items is as follows:

Accrued interest	\$ 36,272	
Deferred charges on sewer upgrades	(160,069)	
Deferred charges on refunding	(76,596)	
Unamortized bond premium	(189,703)	
Heart and Hypertension obligations	188,936	
Compensated absences	276,296	
Early retirement incentive	1,425	
Net pension liabilities	961,553	
Net OPEB obligation	<u>(977,484)</u>	
		\$ 60,630
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service fund is reported within governmental activities.		<u>106,913</u>
Change in net position of governmental activities		<u><u>\$ 1,345,170</u></u>

The accompanying notes are an integral part of these financial statements .

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Property taxes	\$ 37,237,251	\$ 37,237,251	\$ 37,383,242	\$ 145,991
Intergovernmental	15,618,171	15,618,171	15,422,765	(195,406)
Charges for services	120,800	120,800	116,746	(4,054)
Licenses and permits	357,750	357,750	489,851	132,101
Interest income	9,400	9,400	38,289	28,889
Other revenues	119,075	119,075	82,723	(36,352)
Total revenues	<u>53,462,447</u>	<u>53,462,447</u>	<u>53,533,616</u>	<u>71,169</u>
EXPENDITURES				
Current:				
General government	7,287,337	7,287,336	7,081,570	(205,766)
Public safety	5,885,530	5,910,532	5,788,741	(121,791)
Public works	2,275,203	2,250,203	2,066,456	(183,747)
Culture and recreation	613,685	613,684	544,184	(69,500)
Health and welfare	213,224	213,224	199,141	(14,083)
Education	33,631,095	33,631,095	33,629,671	(1,424)
Debt service:				
Principal payments	3,225,890	3,227,967	3,227,967	-
Interest and fiscal charges	869,499	867,422	867,410	(12)
Total expenditures	<u>54,001,463</u>	<u>54,001,463</u>	<u>53,405,140</u>	<u>(596,323)</u>
Excess (deficiency) of revenues over expenditures	(539,016)	(539,016)	128,476	667,492
OTHER FINANCING SOURCES				
Transfers in	<u>539,016</u>	<u>539,016</u>	<u>519,379</u>	<u>(19,637)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>647,855</u>	<u>\$ 647,855</u>
Fund balance - beginning			<u>4,306,078</u>	
Fund balance - ending			<u>\$ 4,953,933</u>	

The accompanying notes are an integral part of these financial statements.

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS - WATER ASSESSMENT FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Water assessment phase 4	\$ -	\$ -	\$ 3,331	\$ 3,331
Water assessment phase 5	15,000	15,000	15,897	897
Water assessment phase 6	15,000	15,000	11,897	(3,103)
Water assessment phase 7	290,640	290,640	165,045	(125,595)
Water assessment phase 8	10,000	10,000	20,720	10,720
Water assessment phase 9	1,000	1,000	729	(271)
Interest income	-	-	22	22
Total revenues	<u>331,640</u>	<u>331,640</u>	<u>217,641</u>	<u>(113,999)</u>
OTHER FINANCING USES				
Transfers out:				
General Fund - debt service	<u>(331,640)</u>	<u>(331,640)</u>	<u>(331,640)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(113,999)</u>	<u>\$ (113,999)</u>
Fund balance - beginning			<u>1,409,538</u>	
Fund balance - ending			<u>\$ 1,295,539</u>	

The accompanying notes are an integral part of these financial statements.

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Governmental Activities
	Internal Service Fund
ASSETS	
Cash and cash equivalents	\$ 1,745,795
Receivables	100,370
Total assets	1,846,165
LIABILITIES	
Accounts payable	21,636
Claims payable	531,576
Total liabilities	553,212
NET POSITION	
Unrestricted:	
Designated for Town benefits	561,279
Designated for Board of Education benefits	731,674
Total net position	\$ 1,292,953

The accompanying notes are an integral part of these financial statements.

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Employer contributions	\$ 6,225,786
Employee contributions	1,751,417
Total operating revenues	7,977,203
OPERATING EXPENSES	
Premiums and claims incurred	7,508,968
Administration	361,346
Total operating expenses	7,870,314
Operating income	106,889
NON-OPERATING INCOME	
Interest income	25
Change in net position	106,914
Net position - beginning	1,186,039
Net position - ending	\$ 1,292,953

The accompanying notes are an integral part of these financial statements.

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from the following:	
Employer	\$ 6,225,786
Employees	1,661,168
Cash paid for the following:	
Premiums and claims incurred	(7,465,034)
Administration	(361,346)
Net cash provided by operating activities	60,574
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	25
Net cash provided by investing activities	25
Net increase in cash and cash equivalents	60,599
Cash and cash equivalents, beginning of year	1,685,196
Cash and cash equivalents, end of year	\$ 1,745,795
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 106,889
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Increase in accounts receivable	(90,249)
Increase in accounts payable	1,883
Increase in claims payable	42,051
Net cash provided by operating activities	\$ 60,574

The accompanying notes are an integral part of these financial statements.

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	Pension Trust Funds	Private Purpose Trust Fund - Scholarship Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 520,357	\$ 5,454	\$ 498,322
Investments	33,701,694	225,085	-
Contributions receivable	209,462	-	-
Total assets	<u>34,431,513</u>	<u>230,539</u>	<u>\$ 498,322</u>
LIABILITIES			
Due to student groups	-	-	165,843
Due to others	-	-	332,479
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 498,322</u>
NET POSITION			
Held in trust for pension benefits and other purposes	<u>\$ 34,431,513</u>	<u>\$ 230,539</u>	

The accompanying notes are an integral part of these financial statements .

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

	Pension Trust Funds	Private Purpose Trust Fund - Scholarship Fund
ADDITIONS		
Contributions:		
Employer	\$ 2,047,974	\$ -
Plan members	114,243	-
Private donations	-	600
Total contributions	<u>2,162,217</u>	<u>600</u>
Investment earnings:		
Net change in the fair value of investments	3,979,968	-
Interest and dividends	484,512	2,106
Total investment earnings	<u>4,464,480</u>	<u>2,106</u>
Less investment fee expense	156,827	-
Total investment earnings, net	<u>4,307,653</u>	<u>2,106</u>
Total additions	<u>6,469,870</u>	<u>2,706</u>
DEDUCTIONS		
Benefit payments	1,961,155	8,360
Administrative expenses	75,922	-
Total deductions	<u>2,037,077</u>	<u>8,360</u>
Change in net position	4,432,793	(5,654)
Net position - beginning	<u>29,998,720</u>	<u>236,193</u>
Net position - ending	<u>\$ 34,431,513</u>	<u>\$ 230,539</u>

The accompanying notes are an integral part of these financial statements .

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Wolcott, Connecticut (the "Town") conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

Financial Reporting Entity

The Town, originally named Farmingbury, was incorporated as Wolcott in 1796, under the provisions of the Connecticut General Statutes. The Town operates under a Town Council/Mayor form of government and provides the following services as authorized by its charter: public safety, public works, culture and recreation, health and welfare, education and other miscellaneous programs.

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 Town Council is responsible for financial and taxation matters as prescribed by Connecticut General Statutes, and the Mayor is responsible for presenting fiscal operating budgets for Town Council approval.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, and other organizations which by nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Based on these criteria, there are no component units requiring inclusion in these financial statements.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Town has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government-wide and Fund Financial Statements *(Continued)*

Fund Financial Statements *(Continued)*

The Town reports the following major governmental funds:

General Fund - This fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those not accounted for and reported in another fund.

Capital Improvement Fund - This capital projects fund is used to account for the revenues and expenditures associated with the Town's various long-term capital projects.

Water Assessments Fund - This fund is used to account for the proceeds of water line assessments. Revenue is used to fund debt services costs related to the waterline extension projects within the Town.

Small Cities Grant Fund - This fund accounts for the proceeds and expenditures related to the Community Development Block Grant Small Cities program operated by the Town. Funding is used to provide loans to low-income residents for home improvements.

In addition, the Town reports the following fiduciary fund types:

Internal Service Fund *(proprietary)* - This fund accounts 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 related to medical and dental insurance.

Pension Trust Funds - These funds are used to account for resources held in trust for the members and beneficiaries of the Town's defined benefit pension plans. The Town utilizes these funds to account for activities of the following plans: Town and Police Pension Trust Fund and the Board of Education Pension Trust Fund.

Private Purpose Trust Fund - This fund type is used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. There is no requirement that any portion of the resources be preserved as capital. The Town utilizes a private purpose trust fund to account for activities of the School Scholarship Private Purpose Trust Fund.

Agency Funds - These funds are used to account for resources held by the Town in a purely custodial capacity. The Town utilizes these funds to account for assets of the student activities fund and the performance bond fund. The student activities fund accounts for monies generated by student activities in the Town's school system. The performance bond fund accounts for monies received to ensure that driveways are installed to correct specifications for new construction.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Measurement Focus and Basis of Accounting *(Continued)*

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Agency Funds 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 prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are susceptible to accrual, that is, when they are both measurable and available. Revenues are considered to be available if they are collected 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 period. Property taxes, grants and contracts, and interest associated with the current period are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the cash is received by the Town. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is available to be received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when the cash is received.

The pension trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting assets and liabilities.

Implementation of Accounting Standards

Effective July 1, 2016, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, GASB Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 78, *Pensions Provided through Certain Multiple Employer Defined Benefit Pension Plans*, GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, GASB Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*, and GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The adoption of these statements did not have a material effect on the Town's financial statements.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Cash Equivalents

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

Investments

Investments are measured by the Town at fair value (generally based on quoted market prices), except for investments in participating interest-earning investment contracts, certain external investment pools and synthetic guaranteed investment contracts as described below.

Investments in participating interest-earning investment contracts consist of negotiable certificates of deposit. Investments in these types of contracts, which have a remaining maturity at the time of purchase of one year or less, are measured by the Town at amortized costs.

Investments in certain external investment pools consist of money market mutual funds and the Short-Term Investment Fund (STIF), which is managed by the State of Connecticut Treasurer's Office. Investments in these types of funds, which are permitted to measure their investment holdings at amortized costs, are measured by the Town at the net asset value per share as determined by the pool.

Investments in synthetic guaranteed investment contracts consist of group annuity contracts. Investments in these types of contracts are measured by the Town at contract value.

Inventories

Inventories are reported at cost using the first-in first-out (FIFO) method, except for USDA donated commodities, which are recorded at market value. Inventories are recorded as expenditures when consumed rather than when purchased.

Property Taxes, Assessments and Usage Charges

Property taxes are assessed as of October 1. Real estate and personal property taxes are billed in the following July and are due in two installments, July 1 and January 1. Motor vehicle taxes are billed in July and are due in one installment, July 1, and supplemental motor vehicle taxes are due in full January 1. Taxes become delinquent thirty days after the installment is due and interest on delinquent accounts is charged at a rate of 1.5% per month. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes and interest of \$84,600 and \$23,275, respectively, as of June 30, 2017.

Upon completion of projects, water and sewer assessments are levied and assessed to the users annually. The timing of billings is based on which phase of the assessment the property is located in. Sewer usage charges are billed annually on July 1. Water usage charges are billed quarterly. Assessments and user charges are due and payable within thirty days and delinquent amounts are subject to interest at a rate of 1.5% per month. Liens are filed on all delinquent properties until the assessment is paid in full. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible water and sewer assessments of \$73,400 and \$8,500, respectively, as of June 30, 2017. In addition, the Town has established an allowance for uncollectible water and sewer usage of \$3,000 and \$15,000, respectively, as of June 30, 2017.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance *(Continued)*

Loans Receivable

The Town administers a Residential Rehabilitation Loan Program for low to moderate income families. The loans bear an interest rate of 0%. Repayment of the loans is deferred, but the loans become due and payable upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's principal place of residence. The loans may be paid in full or in part by the borrower at any time without penalty. As of June 30, 2017, loans receivable totaled \$2,349,284 under this program.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and sidewalks), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than five years. Such assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings	50
Vehicles, machinery and equipment	5-15
Infrastructure	10-50

Deferred Outflows/Inflows of Resources

Deferred outflows and inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources until that time.

Deferred outflows of resources consists of deferred charges on refunding, deferred pension expenses and deferred charges on sewer upgrades reported in the government-wide statement of net position. Deferred charges on refunding resulted from the difference in the carrying value of previously refunded debt and the reacquisition price of the debt and are being amortized to interest expense using the effective-interest method over the life of the related bonds. Deferred charges on sewer upgrades resulted from costs financed by the Town in connection with shared upgrades made to the sewage treatment plant in the City of Waterbury. These costs are being amortized as an expense over the life of the related debt. Deferred pension expenses resulted from changes in the components of the Town's net pension liability and are being amortized as a component of pension expense on a systematic and rational basis.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance *(Continued)*

Deferred Outflows/Inflows of Resources *(Continued)*

Deferred inflows of resources consist of revenue that is considered unavailable under the modified accrual basis of accounting and deferred pension benefits. Unavailable revenue is reported within the governmental funds balance sheet and is recognized as an inflow of resources in the period that the amounts become available. Deferred pension benefits are reported in the government-wide statement of net position and are amortized as a component of pension expense on a systematic and rational basis.

Unearned Revenue

This liability represents resources that have been received but not yet earned.

Compensated Absences and Employee Retirement Obligations

It is the Town's policy to permit employees to accumulate unused sick and vacation pay benefits. Benefits are determined by the individual union contracts. Certain Board of Education personnel are also eligible for certain retirement incentive amounts that are amortized over time upon acceptance of an Early Retirement Incentive Program. In addition, certain Town police employees are eligible for heart and hypertension benefits which are amortized over time.

All compensated absences and employee retirement obligations are accrued when incurred in the government-wide financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or the vested amount is expected to be paid with available resources.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable 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 are expenses when incurred.

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

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance *(Continued)*

Net Position and Fund Balances

The statement of net position presents the Town's assets, deferred outflows and inflows of resources, and liabilities, with net position as the residual of these elements. Net position is reported in three categories:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

Restricted net position - This component of net position consists of amounts whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation. None of the Town's restricted net position is restricted through enabling legislation.

Unrestricted net position - This component of net position is the net amount of assets, liabilities, and deferred outflows and inflows of resources which do not meet the definition of the preceding two categories.

The Town's governmental funds report the following fund balance categories:

Nonspendable - Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

Restricted - Constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments, or imposed by law through enabling legislation.

Committed - Amounts can be only used for specific purposes pursuant to constraints imposed by formal action of the Town Council (the highest level of decision making authority of the Town) and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action.

Assigned - Amounts are constrained by the government's intent to be used for specific purposes, but are not restricted or committed. Amounts may be constrained to be used for a specific purpose by a governing board or body or official that has been delegated authority to assign amounts by the Town Charter.

Unassigned - Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

Net Position Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

The Town does not have a formal policy over net position. In practice, the Town considers restricted net position to have been depleted before unrestricted net position is applied.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance *(Continued)*

Net Position and Fund Balances *(Continued)*

Fund Balance Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Town's policy to use restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed; assigned; then unassigned. It is the Town's policy to maintain an unassigned fund balance in the General Fund of a minimum of 7% of the ensuing fiscal year's operating revenue, with a targeted maximum of 10%. As of June 30, 2017, unassigned fund balance in the General Fund represented 9.0% of the Town's approved fiscal year 2017-2018 General Fund budget.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Advances between funds, as reported in the fund financial statements, are offset by a restricted fund balance designation (non-spendable) in the General Fund and by a restricted, committed, or assigned fund balance designation of other governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Interfund Services Provided and Used

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

Interfund Transfers

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers.

Interfund Reimbursements

Interfund reimbursements represent repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Use of 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 and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCE

Budgetary Information

A legally adopted budget is authorized annually for the following funds: the General Fund, Acquired Facilities Fund, Farmingbury Hills Fund, Sewer Usage Fund, Water Usage Fund, Sewer Assessment Fund and Water Assessment Fund. The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements, in accordance with provision of its Town Charter:

- The head of each department, office or agency of the Town, supported wholly or in part from Town funds, including the Board of Education, submits to the Mayor a detailed estimate of the expenditures to be made and the revenues to be collected in the ensuing fiscal year. Estimates are required to be submitted to the Mayor at least 90 days before the end of the fiscal year.
- The Mayor presents the budgeted estimates of revenues and expenditures and justifications to the Town Council, no later than 90 days before the end of the fiscal year.
- Not less than 30 days before the beginning of the fiscal year, the Town Council holds a public hearing on the budget. The Town Council adopts the final budget before 20 days of the close of the fiscal year.
- Expenditures are budgeted by function, department and object. The legal level of budget control is the department level. Intradepartmental transfers of any amount under \$100 can be made without Town Council approval. The Mayor may authorize additional appropriations up to \$20,000 on an individual basis and up to \$50,000 on a cumulative basis with the approval of the Town Council. Additional appropriations in excess of \$20,000 individually or \$50,000 cumulatively must be approved at a Town meeting. No additional appropriations were made during the year ended June 30, 2017.
- Formal budgetary integration is employed as a management control device during the year.
- 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. Generally, all unexpended appropriations lapse at year-end, except those for capital improvements and nonrecurring expenditures. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCE *(Continued)*

Budgetary Information *(Continued)*

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2017:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Sources, Net</u>	<u>Net Change in Fund Balance</u>
Budgetary basis	\$ 53,533,616	\$ 53,405,140	\$ 519,379	\$ 647,855
"On-behalf" payments - State Teachers Retirement Fund <i>(see Note K)</i>	3,956,505	3,956,505	-	-
Adjustment for encumbrances	-	(107,282)	-	107,282
Capital lease proceeds not recorded for budgetary purposes	-	889,894	889,894	-
Reimbursement for certain grant costs recorded as a reduction to expenditures for budgetary purposes	737,633	737,633	-	-
Certain transfers recorded as expenditures for budgetary purposes	-	(540,000)	(540,000)	-
GAAP basis	<u>\$ 58,227,754</u>	<u>\$ 58,341,890</u>	<u>\$ 869,273</u>	<u>\$ 755,137</u>

Deficit Fund Balance

The following fund has a deficit fund balance as of June 30, 2017, which does not constitute a violation of statutory provisions:

<u>Fund</u>	<u>Amount</u>
Farmingbury Hills Country Club Fund	\$ (323,971)

The deficit is expected to be eliminated through future revenue sources or transfers in from the General Fund.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCE (Continued)

Capital Projects Authorizations

The following is a summary of capital projects as of June 30, 2017:

<u>Capital Project</u>	<u>Authorization</u>	<u>Cumulative Expenditures</u>	<u>Encumbered</u>	<u>Balance - June 30, 2017</u>
Spindle Hill State Grant	\$ 483,500	\$ 466,790	\$ -	\$ 16,710
Munson Road Bridge	82,950	46,644	361	35,945
Todd Road LOTCIP Grant	3,023,600	-	-	3,023,600
Various Capital Projects III				
Finance/bonding legal/insurance	325,000	325,000	-	-
Walking trail at Scovil Reservoir	350,000	327,369	596	22,035
Various Capital Projects IV				
Finance/bonding legal/insurance	271,300	109,868	-	161,432
Reconstruction/repair roads - phase II	10,526,462	10,446,639	43,488	36,335
Upgrades to Wolcott Public Schools	863,700	863,601	-	99
Total	<u>\$ 15,926,512</u>	<u>\$ 12,585,911</u>	<u>\$ 44,445</u>	<u>\$ 3,296,156</u>

NOTE C - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

A reconciliation of the Town's cash deposits, as of June 30, 2017 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 11,246,374
Statement of fiduciary net position:	
Cash and cash equivalents	1,024,133
	<u>12,270,507</u>
Add: certificates of deposit considered cash deposits	
for disclosure purposes	225,085
Less: cash equivalents considered investments	
for disclosure purposes	<u>(3,764,898)</u>
	<u>\$ 8,730,694</u>

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE C - CASH DEPOSITS AND INVESTMENTS *(Continued)*

Cash Deposits *(Continued)*

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town's policy provides for uninsured demand and time deposits with banks and savings and loan institutions to be collateralized as prescribed in the Connecticut general statutes, as described below. In addition, in order to anticipate market changes and provide for a level of security for all funds, all public deposits shall be held in qualified public depositories. As of June 30, 2017, \$8,389,677 of the Town's bank balance of \$9,462,684 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 7,550,709
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	838,968
	\$ 8,389,677

All of the Town's deposits were in qualified public institutions as defined by Connecticut general statutes. Under these statutes, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

Investments

A reconciliation of the Town's investments as of June 30, 2017 is as follows:

Government-wide statement of net position:	
Investments	\$ 1,325,000
Statement of fiduciary net position:	
Investments	33,926,779
	35,251,779
Add: cash equivalents considered investments for disclosure purposes	3,764,898
Less: certificates of deposit considered cash deposits for disclosure purposes	(225,085)
	\$ 38,791,592

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE C - CASH DEPOSITS AND INVESTMENTS *(Continued)*

Investments *(Continued)*

As of June 30, 2017, the Town's investments consisted of the following:

<u>Investment type</u>	<u>Valuation Basis</u>	<u>Credit Rating</u>	<u>Value</u>	<u>Investment Maturities (In Years)</u>	
				<u>Less Than 1</u>	<u>1 to 5</u>
Debt Securities:					
<i>Governmental activities:</i>					
Short-term Investment Fund	Net asset value	AAA	\$ 3,469,330	\$ 3,469,330	\$ -
Negotiable certificates of deposit	Amortized cost	Unrated	1,325,000	1,080,000	245,000
<i>Fiduciary:</i>					
Money market mutual funds	Net asset value	Unrated	295,568	295,568	-
Corporate bonds	Fair value	AA	365,455	115,942	249,513
Corporate bonds	Fair value	BBB	1,630,417	1,378,987	251,430
			<u>7,085,770</u>	<u>\$ 6,339,827</u>	<u>\$ 745,943</u>
Other investments:					
<i>Fiduciary:</i>					
Group annuity contracts	Contract value		\$ 14,081,057		
Exchange traded funds	Fair value		931,414		
Mutual funds	Fair value		16,693,351		
			<u>\$ 38,791,592</u>		

Because investments in the Short-term Investment Fund and money market mutual funds have weighted average maturities of less than 90 days, they have been presented as investments with maturities of less than one year.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's investment policy provides for the Town to maintain significant balances in cash equivalents or other short-term maturity investments, as changing interest rates have limited impact on these types of investments.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investment policy defines certain requirements that financial dealers and institutions must adhere to in order to become qualified bidders to provide services to the Town. The Town's investments in external investment pools, mutual funds and group annuity contracts are not evidenced by securities and are therefore not exposed to custodial credit risk. The Town's investments in negotiable certificates of deposit are held in book entry form in the name of the Town and are therefore also not exposed to custodial credit risk.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE C - CASH DEPOSITS AND INVESTMENTS *(Continued)*

Investments *(Continued)*

Credit Risk

Connecticut general statutes permit the Town to invest in obligations of the United States, including its instrumentalities and 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 recognized rating service; or in obligations of the State of Connecticut or of any political subdivision 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.

The Town's investment policy regarding credit risk is to limit investments to those specified in the Connecticut general statutes, to pre-qualify the financial institutions used by the Town and to diversify the Town's portfolio so that the failure of one issuer will not place undue financial burden on the Town.

Concentrations of Credit Risk

The Town's investment policy generally restricts investments in any one issuer that is in excess of 10%. In addition, the Town's policy defines other limitations in an effort to avoid incurring unreasonable inherent risk of over-concentration in specific instruments, individual issuers or maturities. As of June 30, 2017, more than 10% of the Town's governmental activities investments are invested in the Short-term Investment Fund (72.4%). As of June 30, 2017, more than 10% of the Town's fiduciary investments are invested in the following:

<u>Issuer</u>	<u>Investment</u>	<u>Value</u>	<u>% of Fiduciary Investments</u>
John Hancock Life Insurance Company	GAC - 1K Diversified Stock Fund	\$ 9,814,233	29%
John Hancock Life Insurance Company	GAC - Immediate Participation Guarantee	4,266,824	13%
State Street Global Advisors	SPDR S&P 500 ETF Trust	4,904,188	14%

NOTE D - FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs). The Town classifies its assets and liabilities measured at fair value into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which market inputs are observable, either directly or indirectly, and Level 3 (securities valued based on unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE D - FAIR VALUE MEASUREMENTS (Continued)

The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2017, by level within the fair value hierarchy are presented in the table below.

Financial Assets Measured at Fair Value	Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 16,693,351	\$ -	\$ -
Exchange traded funds	-	931,414	-
Corporate bond	-	1,995,872	-
	<u>\$ 16,693,351</u>	<u>\$ 2,927,286</u>	<u>\$ -</u>

NOTE E - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 consisted of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 3,630,774	\$ 325,000	\$ -	\$ -	\$ 3,955,774
Construction in progress	678,713	867,828	-	(260,484)	1,286,057
Total capital assets, not being depreciated	<u>4,309,487</u>	<u>1,192,828</u>	<u>-</u>	<u>(260,484)</u>	<u>5,241,831</u>
Capital assets, being depreciated:					
Land improvements	4,548,342	92,762	-	-	4,641,104
Buildings	59,757,445	307,091	-	23,474	60,088,010
Vehicles, machinery and equipment	14,593,115	482,782	(25,039)	-	15,050,858
Infrastructure	70,148,291	900,592	-	237,010	71,285,893
Total capital assets, being depreciated	<u>149,047,193</u>	<u>1,783,227</u>	<u>(25,039)</u>	<u>260,484</u>	<u>151,065,865</u>
Less accumulated depreciation and amortization for:					
Land improvements	3,067,347	132,202	-	-	3,199,549
Buildings	26,264,338	1,056,267	-	-	27,320,605
Vehicles, machinery and equipment	10,648,983	906,770	(23,163)	-	11,532,590
Infrastructure	27,553,864	980,327	-	-	28,534,191
Total accumulated depreciation and amortization	<u>67,534,532</u>	<u>3,075,566</u>	<u>(23,163)</u>	<u>-</u>	<u>70,586,935</u>
Total capital assets, being depreciated, net	<u>81,512,661</u>	<u>(1,292,339)</u>	<u>(1,876)</u>	<u>260,484</u>	<u>80,478,930</u>
Governmental activities capital assets, net	<u>\$ 85,822,148</u>	<u>\$ (99,511)</u>	<u>\$ (1,876)</u>	<u>\$ -</u>	<u>\$ 85,720,761</u>

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE E - CAPITAL ASSETS (Continued)

Depreciation and amortization expense was charged to functions of the Town as follows:

Governmental Activities:	
General government	\$ 110,827
Public safety	650,821
Public works	1,193,675
Culture and recreation	164,153
Education	<u>956,090</u>
Total depreciation and amortization expense - governmental activities	<u><u>\$ 3,075,566</u></u>

NOTE F - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2017 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
General Fund	Nonmajor governmental funds	\$ 501,642
	Capital Improvement Fund	<u>775</u>
		<u>502,417</u>
Nonmajor governmental funds	Nonmajor governmental funds	1,339
	General Fund	<u>709</u>
		<u>2,048</u>
Total		<u><u>\$ 504,465</u></u>

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

NOTE G - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2017 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Capital Improvement Fund	\$ 125,000
	Water Assessment Fund	331,640
	Nonmajor governmental funds	<u>62,739</u>
		<u>519,379</u>
Capital Improvement Fund	General Fund	<u>470,000</u>
Nonmajor governmental funds	General Fund	<u>70,000</u>
Total		<u><u>\$ 1,059,379</u></u>

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE G - INTERFUND TRANSFERS (Continued)

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 revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE H - SHORT-TERM LIABILITIES

The following is a summary of changes in short-term debt for the year ended June 30, 2017:

	<u>Due Date</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities						
Bond anticipation notes	10/2015	1.25%	\$ 16,595,000	\$ -	\$ (16,595,000)	\$ -
Bond anticipation notes	10/2016	2.00%	-	11,710,000	-	11,710,000
			<u>\$ 16,595,000</u>	<u>\$ 11,710,000</u>	<u>\$ (16,595,000)</u>	<u>\$ 11,710,000</u>

The purpose of the bond anticipation notes are to provide interim financing for various ongoing construction projects until future general obligation bonds are issued. As discussed more fully in Note P, \$11,300,000 of the bond anticipation notes were subsequently retired through proceeds from the issuance of general obligation bonds. As such, this amount has been recognized as an other financing source in the governmental funds statement of revenues, expenditures and changes in fund balances.

NOTE I - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

Governmental Activities	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:					
General obligation bonds	\$ 22,680,000	\$ 4,590,000	\$ (2,600,000)	\$ 24,670,000	\$ 2,985,000
Unamortized premium	1,532,968	329,757	(140,054)	1,722,671	-
Total bonds payable	24,212,968	4,919,757	(2,740,054)	26,392,671	2,985,000
Other liabilities:					
Notes payable	658,321	-	(160,069)	498,252	162,776
Capital lease obligations	909,120	889,894	(458,539)	1,340,475	452,836
Heart and Hypertension obligations	1,291,528	10,000	(274,092)	1,027,436	58,284
Compensated absences	2,869,746	271,490	(547,786)	2,593,450	502,485
Early retirement incentive	5,700	-	(1,425)	4,275	1,425
Net pension liabilities	13,342,975	-	(961,553)	12,381,422	-
Net OPEB obligation	8,289,488	977,484	-	9,266,972	-
	<u>\$ 51,579,846</u>	<u>\$ 7,068,625</u>	<u>\$ (5,143,518)</u>	<u>\$ 53,504,953</u>	<u>\$ 4,162,806</u>

The above liabilities have typically been liquidated by the General Fund and transfers in from the Water Assessment Fund.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE I - LONG-TERM LIABILITIES (Continued)

General Obligation Bonds

A summary of general obligation bonds outstanding at June 30, 2017 is as follows:

<u>Purpose of Bonds</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
Governmental Activities					
Bonds Payable					
General Obligation Bonds	03/2002	\$ 800,000	6.25% - 6.5%	06/2022	\$ 125,000
General Obligation Refunding Bonds	11/2004	8,476,680	3.0% - 4.0%	08/2019	1,470,000
General Obligation Refunding Bonds	08/2010	12,785,000	2.0% - 5.0%	08/2021	5,600,000
General Obligation Bonds	08/2010	4,465,000	3.0% - 4.125%	08/2029	3,055,000
General Obligation Bonds	10/2014	6,960,000	2.0% - 4.0%	10/2033	6,410,000
General Obligation Refunding Bonds	01/2015	4,030,000	2.0% - 4.0%	08/2025	3,420,000
General Obligation Bonds	10/2016	4,590,000	2.0% - 5.0%	10/2033	4,590,000
					<u>\$ 24,670,000</u>

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2017:

<u>Year ending</u>	<u>Governmental Activities</u>		
	<u>Bonds Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30:</u>			
2018	\$ 2,985,000	\$ 967,028	\$ 3,952,028
2019	2,955,000	761,256	3,716,256
2020	3,010,000	630,931	3,640,931
2021	2,540,000	506,413	3,046,413
2022	1,900,000	409,853	2,309,853
2023-2027	5,860,000	1,275,919	7,135,919
2028-2032	4,050,000	494,338	4,544,338
2033-2035	1,370,000	41,100	1,411,100
	<u>\$ 24,670,000</u>	<u>\$ 5,086,838</u>	<u>\$ 29,756,838</u>

Legal Debt Limit

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2017.

TOWN OF WOLCOTT, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 JUNE 30, 2017

NOTE I - LONG-TERM LIABILITIES *(Continued)*

General Obligation Bonds *(Continued)*

School Bond Reimbursements

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. Additional reimbursements of principal and interest aggregating \$2,010,913 and \$145,843, respectively, are expected to be received through the applicable bonds' maturity dates. The Town has recorded a receivable relating to the principal portion of these payments in the accompanying statement of net position. The long-term portion of \$1,411,949 will be realized by the Town through fiscal year 2022.

Notes Payable

The State of Connecticut Department of Energy and Environmental Protection has provided Clean Water financing in the form of permanently financed serial notes to the City of Waterbury for sewage treatment plant upgrades under project CWF 201. Pursuant to the provisions of the Waterbury/Wolcott Intermunicipal Agreement regarding the sewage treatment plant upgrade project, the Town is responsible for \$3,089,815 of the total cost, representing 3.475% of the total project cost. The Town pays its proportionate share of the project cost directly to the State of Connecticut.

A summary of the Town's portion of the clean water notes payable outstanding at June 30, 2017 is as follows:

<u>Purpose of Bonds</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
Governmental Activities					
Notes Payable					
Clean Water Loan - 201C3	06/2004	2,763,392	2.0%	06/2020	<u>\$ 498,252</u>

Annual debt service requirements to maturity on these obligations are as follows as of June 30, 2017:

<u>Year ending</u>	<u>Governmental Activities</u>		
	<u>Notes Payable</u>		
<u>June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 162,776	\$ 8,478	\$ 171,254
2019	166,062	5,193	171,255
2020	169,414	1,840	171,254
	<u>\$ 498,252</u>	<u>\$ 15,511</u>	<u>\$ 513,763</u>

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE I - LONG-TERM LIABILITIES *(Continued)*

Capital Leases

A summary of assets acquired through capital leases is as follows as of June 30, 2017:

	Governmental Activities
Machinery and equipment	\$ 1,831,228
Less: accumulated amortization	391,721
	\$ 1,439,507

Amortization expense relative to leased property under capital leases totaled \$205,989 for the year ended June 30, 2017 and is included in depreciation and amortization expense disclosed in Note E.

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 are as follows:

Year ending June 30:	Governmental Activities
2018	\$ 475,923
2019	326,143
2020	225,834
2021	209,659
2022	89,717
2023	89,719
Total minimum lease payments	1,416,995
Less: amount representing interest	(76,520)
Present value of minimum lease payments	\$ 1,340,475

Heart and Hypertension Obligations

The Town's estimated liability for heart and hypertension obligations as of June 30, 2017 is \$1,027,436. Currently, one spousal beneficiary receives weekly benefit payments that are subject to annual COLA adjustments. The total liability decreased due to current year payouts. The total estimated liability has been established based upon a life expectancy assumption for each individual receiving weekly benefit payments.

Early Retirement Incentive

The Board of Education provides early retirement incentive benefits to 1 former employee. This amount consists of payments due to a retired individual for compensated absences and annuity payments and will be paid out in equal payments of \$1,425 annually through fiscal year 2020.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE J - FUND BALANCE

The various components of fund balance at June 30, 2017 are as follows:

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Water Assessments Fund</u>	<u>Small Cities Grant Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:						
Inventories	\$ -	\$ -	\$ -	\$ -	\$ 21,592	\$ 21,592
Restricted for:						
Grant programs	-	-	-	-	93,426	93,426
Loan programs	-	-	-	45,014	-	45,014
Donor restrictions	-	-	-	-	6,936	6,936
Open space	-	-	-	-	33,049	33,049
Public safety	-	-	-	-	1,857	1,857
Capital purposes	-	1,057,507	-	-	-	1,057,507
Committed to:						
General government	-	-	-	-	211,908	211,908
Public safety	-	-	-	-	160,071	160,071
Culture and recreation	-	-	-	-	142,255	142,255
Health and welfare	-	-	-	-	8,972	8,972
Education	-	-	-	-	478,259	478,259
Capital outlay	-	-	-	-	810	810
Water and sewer operations	-	-	-	-	1,711,761	1,711,761
Debt repayment	-	-	1,409,538	-	-	1,409,538
Assigned to:						
Education	247,649	-	-	-	-	247,649
Unassigned	4,953,933	(860,010)	(113,999)	-	(323,971)	3,655,953
	<u>\$ 5,201,582</u>	<u>\$ 197,497</u>	<u>\$ 1,295,539</u>	<u>\$ 45,014</u>	<u>\$ 2,546,925</u>	<u>\$ 9,286,557</u>

NOTE K - EMPLOYEE RETIREMENT PLANS

Defined Benefit Plans

The Town maintains two single-employer, defined benefit pension plans: the *Town General Pension Plan* and the *Board of Education Pension Plan*. The Plans cover substantially all full time employees except professional personnel at the Board of Education who are covered by the State of Connecticut Teachers' Retirement System. The Plans do not issue stand-alone financial statements and are part of the Town's financial reporting entity. As such, the Plans are accounted for in the fiduciary fund financial statements as Pension Trust Funds.

TOWN OF WOLCOTT, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 JUNE 30, 2017

NOTE K - EMPLOYEE RETIREMENT PLANS *(Continued)*

Town General Pension Plan

Plan Description

Plan administration - The Town administers a single-employer, contributory defined benefit pension plan (the "Town Plan"). The Town Plan provides retirement and disability benefits for eligible employees. The Town Plan is administered by a Retirement Board composed of selected members.

Plan membership - Eligible regular full-time employees of the Town and Police are members of the Town Plan. Eligible employees become members after completion of one year of service. Non-union Town employees are not permitted to participate in the plan after June 30, 2011. At January 1, 2017, the valuation date, Town Plan membership consisted of the following:

Retired participants and beneficiaries receiving benefits	58
Terminated members entitled to, but not yet receiving benefits	25
Active members	75
	158

Benefits provided - The Town Plan provides retirement and disability benefits. The normal retirement age for police officers is either 60 with 20 years of service, age 50 with 25 years of service, or age 65. The normal retirement age for all other employees is 65. Normal retirement benefits consist of yearly annuity. Police officers vest after seven years of service and are fully vested at that time. All other employees will vest in accordance with the following schedule in regards to Town contributions:

Years of Service	Vested Percentage
Less than 3	0%
3	20%
4	40%
5	60%
6	80%
7	100%

For police officers, the benefit is based on 50% of final average earnings less 2.5% for each year of service if less than 20 years plus 2.5% of final earnings for years of service in excess of 25 years, with a maximum of 30 years of service. Final average salary is defined as average total earnings that are subject to Federal Income Taxes for the five consecutive calendar years in the last ten calendar years that gives the highest average.

For other employees, the benefit is based on 1.8% of final average salary times years of credited service, to a maximum of 30 years. For participants who contribute to the plan, the multiplier is 1.9%. Final average salary is defined as an average of gross wages for the three highest consecutive years out of the last 10 years of service.

Police officers are eligible for early retirement not more than ten years prior to normal retirement age with at least 15 years of service. Benefits include normal pension benefits reduced by applying actuarial reduction for each year earlier than normal retirement date. For all other employees, the early retirement age is 55 with 15 years of service. Normal pension benefits are reduced by appropriate plan factors for each month younger than normal retirement age.

TOWN OF WOLCOTT, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 JUNE 30, 2017

NOTE K - EMPLOYEE RETIREMENT PLANS *(Continued)*

Town General Pension Plan *(Continued)*

Plan Description *(Continued)*

Benefits provided (Continued) - Disability benefits are available for police officers based on non-service and service disability. Non-service disability includes 50% of salary at point of disability and is available for all police officers who are at least age 50 and have 10 years of services. Service disability for full-time officers who are disabled in the performance of their duties includes 50% of salary reduced by any other compensation from the Town. Payments continue if no employment is available upon the officer's maximum recovery. All other employees age 47 with 10 years of service are eligible for annuity payments calculated in accordance with normal retirement benefits.

Contributions - The contribution requirements of plan members are established and may be amended by the Town Council, subject to union contract negotiation. The actuarially determined contribution rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The Town is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members. Police officers as of October 1, 1996 contribute 2% of W-2 wages. Any officers hired after October 1, 1996 contribute 5% of W-2 wages. Employee contributions are 1.5% for members of UPSEU Local 424, Unit 58 and Local 1303-63 of Council 4 AFSCME, AFL-CIO. All other employees are not required to make contributions to the Town Plan.

Summary of Significant Accounting Policies

Investments - Investments are reported at fair value, except for investments in participating interest earning investment contracts, recorded at amortized cost, and certain external investment pools, recorded at net asset value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

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

Concentrations - As of June 30, 2017, more than 10% of the Town Plan's investments are invested in the following:

<u>Issuer</u>	<u>Investment</u>	<u>Value</u>	<u>% of the Town Plan's Investments</u>
State Street Global Advisors	SPDR S&P 500 ETF Trust	\$ 4,904,188	25%

Rate of return - For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.04%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

TOWN OF WOLCOTT, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 JUNE 30, 2017

NOTE K - EMPLOYEE RETIREMENT PLANS *(Continued)*

Town General Pension Plan *(Continued)*

Net Pension Liability of the Town Plan

The components of the net pension liability of the Town Plan at June 30, 2017, were as follows:

Total pension liability	\$ 30,868,074
Plan fiduciary net position	20,255,877
Town's net pension liability - Town Plan	\$ 10,612,197
 Plan fiduciary net position as a percentage of the total pension liability	65.62%

The components of the change in the net pension liability of the Town Plan for the year ended June 30, 2017, were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance as of June 30, 2016	\$ 28,619,153	\$ 17,737,197	\$ 10,881,956
Changes for the year:			
Service cost	612,282	-	612,282
Interest	2,291,920	-	2,291,920
Change of benefit terms	140,289	-	140,289
Changes of assumptions	1,506,515	-	1,506,515
Experience (gains) losses	(1,137,220)	-	(1,137,220)
Contributions - employer	-	1,345,461	(1,345,461)
Contributions - employee	-	114,683	(114,683)
Net investment income	-	2,278,742	(2,278,742)
Benefit payments, including refunds	(1,164,865)	(1,164,865)	-
Administrative expense	-	(55,341)	55,341
Net changes	2,248,921	2,518,680	(269,759)
Balance as of June 30, 2017	\$ 30,868,074	\$ 20,255,877	\$ 10,612,197

Actuarial assumptions - The total pension liability for the Town Plan was determined by an actuarial valuation as of January 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.00%
Salary increases	Varies with age and position
Investment rate of return, including inflation	7.25%
Discount rate	7.25%

TOWN OF WOLCOTT, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 JUNE 30, 2017

NOTE K – EMPLOYEE RETIREMENT PLANS *(Continued)*

Town General Pension Plan *(Continued)*

Net Pension Liability of the Town Plan *(Continued)*

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities - domestic	75%	6.71%
Core fixed income	16%	2.11%
High-yield fixed income	5%	4.61%
Cash	4%	1.10%
	100%	

Discount rate - The discount rate used to measure the total pension liability of the Town Plan was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the Town contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Town 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 following presents the net pension liability of the Town Plan, calculated using the discount rate of 7.25% as well as what the Town Plan’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount (7.25%)	1% Increase (8.25%)
Town Plan's net pension liability as of June 30, 2017	\$ 14,574,586	\$ 10,612,197	\$ 7,414,060

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE K - EMPLOYEE RETIREMENT PLANS *(Continued)*

Town General Pension Plan *(Continued)*

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2017, the Town recognized pension expense related to the Town Plan of \$1,456,156. At June 30, 2017, the Town reported deferred outflows and inflows of resources related to the Town Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 983,988	\$ -
Changes of assumptions and demographics	1,153,701	2,268,628
Total	<u>\$ 2,137,689</u>	<u>\$ 2,268,628</u>

Amounts reported as deferred outflows and inflows of resources related to the Town Plan will be recognized as a component of pension expense in future years as follows:

Year ended June 30,	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2018	\$ 683,742	\$ 890,271
2019	683,741	681,333
2020	674,947	445,721
2021	95,259	251,303
	<u>\$ 2,137,689</u>	<u>\$ 2,268,628</u>

Payable to the Town Plan

The Town has reported a liability of \$114,883 payable to the Town Plan as of June 30, 2017 for the outstanding amount of contributions to the Town Plan required for the year ended June 30, 2017.

Board of Education Pension Plan

Plan Description

Plan administration - The Town's Board of Education administers a Retirement Plan for full-time employees of the Town of Wolcott Board of Education Pension Plan – a single-employer, contributory, defined benefit pension plan (the "Board of Education Plan"). The Plan provides retirement, disability, and survivorship benefits for eligible employees of the Board. The Plan is administered by a Retirement Board composed of selected members.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE K - EMPLOYEE RETIREMENT PLANS *(Continued)*

Board of Education Pension Plan *(Continued)*

Plan Description *(Continued)*

Plan membership - Eligible regular full-time employees of the Board of Education are members of the Board Education Plan. Eligible employees become members after completion of one year of service. At September 1, 2016, the valuation date, Pension Plan membership consisted of the following:

Retired participants and beneficiaries receiving benefits	81
Terminated members entitled to, but not yet receiving benefits	28
Active members	<u>87</u>
	196

Benefits provided - The Board of Education Plan provides retirement, disability, and death benefits. The normal retirement age for the custodial group is either 62 with 30 years of service, or age 65 with 5 years of service. The normal retirement age for the non-custodial group (secretaries, nurses and cafeteria workers) is 62 with 5 years of service. The normal retirement age for the business manager is 60 with 22 years of service. The secretarial group is fully vested after ten years of service and all other employees vest after five years of service, and are fully vested at that time. Normal retirement benefits consist of yearly annuity.

For all employees, the benefit is based on 50% of final average salary. Final average salary is defined as the highest five-year average within the last 10 years. The benefit is reduced by 1/20 for every year of service less than 20.

All participants are eligible for early retirement not more than ten years prior to normal retirement age with at least 15 years of service. Benefits include normal pension benefits reduced by applying actuarial reduction for each year earlier than normal retirement date. In addition, disability benefits are available for all participants. Disability benefits are available for employees at least 45 years of age with 8 years of completed service. Payments consist of the employees accrued benefit to date of the disability and are payable immediately.

Contributions - The contribution requirements are established and may be amended by the Board of Education Superintendent or his/her designee, subject to union contract negotiation. The actuarially determined contribution rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Currently, the plan members do not contribute.

Summary of Significant Accounting Policies

Investments - Investments consist of synthetic group annuity contracts which are reported at contract value.

Investment policy - The Board of Education Plan's policy in regard to the allocation of invested assets is established and may be amended by the Superintendent and Board of Education. It is the policy of the Board of Education to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE K - EMPLOYEE RETIREMENT PLANS (Continued)

Board of Education Pension Plan (Continued)

Summary of Significant Accounting Policies (Continued)

Concentrations - The Board of Education Plan's investments consist solely of investments in group annuity contracts issued through John Hancock Life Insurance Company.

Rate of return - For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 16.84%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Board of Education Plan

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

Total pension liability	\$ 15,850,282
Plan fiduciary net position	<u>14,081,057</u>
Town's net pension liability	<u><u>\$ 1,769,225</u></u>
Plan fiduciary net position as a percentage of the total pension liability	88.8%

The components of the change in the net pension liability of the Board of Education Plan for the year ended June 30, 2017, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2016	\$ 14,512,550	\$ 12,051,531	\$ 2,461,019
Changes for the year:			
Service cost	266,565	-	266,565
Interest	1,077,943	-	1,077,943
Experience (gains) losses	(367,559)	-	(367,559)
Change of assumptions	1,161,385	-	1,161,385
Contributions - employer	-	764,343	(764,343)
Net investment income	-	2,086,366	(2,086,366)
Benefit payments, including refunds	(800,602)	(800,602)	-
Administrative expense	-	(20,581)	20,581
Net changes	<u>1,337,732</u>	<u>2,029,526</u>	<u>(691,794)</u>
Balance as of June 30, 2017	<u><u>\$ 15,850,282</u></u>	<u><u>\$ 14,081,057</u></u>	<u><u>\$ 1,769,225</u></u>

TOWN OF WOLCOTT, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 JUNE 30, 2017

NOTE K - EMPLOYEE RETIREMENT PLANS *(Continued)*

Board of Education Pension Plan *(Continued)*

Net Pension Liability of the Board of Education Plan *(Continued)*

Actuarial assumptions - The total pension liability for the Board of Education Plan was determined by an actuarial valuation as of September 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.00%
Salary increases, including inflation	3.50%
Investment rate of return, including inflation	7.00%
Discount rate	7.00%

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equities	60%	6.71%
Fixed Income	40%	2.11%
	<u>100%</u>	

Discount rate - The discount rate used to measure the total Board of Education pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the Board of Education contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Board of 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.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE K - EMPLOYEE RETIREMENT PLANS *(Continued)*

Board of Education Pension Plan *(Continued)*

Net Pension Liability of the Board of Education Plan *(Continued)*

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

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
BOE Plan's net pension liability as of June 30, 2017	\$ 3,471,143	\$ 1,769,225	\$ 330,661

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2017, the Town recognized pension expense related to the Board of Education Plan of \$606,948. At June 30, 2017, the Town reported deferred inflows of resources related to the Board of Education Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 442,560	\$ 930,624
Changes of assumptions and demographics	757,476	278,500
Total	\$ 1,200,036	\$ 1,209,124

Amounts reported as deferred outflows and inflows of resources related to the Board of Education Plan will be recognized as a component of pension expense in future years as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Year ended June 30,		
2018	\$ 629,266	423,109
2019	428,195	320,703
2020	142,575	232,656
2021	-	232,656
	\$ 1,200,036	\$ 1,209,124

Payable to the Board of Education Plan

The Town has reported a liability of \$94,579 payable to the Board of Education Plan as of June 30, 2017 for the outstanding amount of contributions to the plan required for the year ended June 30, 2017.

TOWN OF WOLCOTT, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 JUNE 30, 2017

NOTE K - EMPLOYEE RETIREMENT PLANS *(Continued)*

Money Purchase Defined Contribution Pension Plan

The Town established a defined contribution pension plan to recognize the contributions made to the successful operation of the Town by its employees and to reward such contributions by providing retirement benefits to eligible participants under this plan. The Trustee of the plan is VOYA Retirement Insurance and Annuity Company with the Town serving as the plan administrator. The plan operates on a calendar year. Employees who are 18 years of age and have 1,000 hours of service to the Town shall become participants under the plan. Employees who are eligible under the Town's defined benefit pension plan are excluded from participation in this plan. The Town contributes 6% of the employee's salary to the plan. Employees are obligated to make mandatory contributions of 3%, with a maximum of 10%, of aggregate compensation. Town and employee contributions for the year ended June 30, 2017 were \$30,010 and \$15,028, respectively. Employees are 100% vested in mandatory participant contributions. Participants vest in accordance with the following schedule in regards to Town contributions:

Years of Service	Vested Percentage
Less than 2	0%
2	20%
3	40%
4	60%
5	80%
6	100%

In addition, participants become 100% vested in their Town contribution account upon retirement, death, or becoming totally and permanently disabled. Normal retirement age under the plan is 62.

Changes to the plan must be approved by resolution of the Town Council, except for plan changes necessary to comply with changes to Code, Regulation, Revenue Ruling, and other Internal Revenue Service published statements.

Tax Sheltered Annuity Defined Contribution Pension Plan

The Town's Board of Education established a tax-sheltered annuity plan, also known as a 403(b) Plan. The Wolcott Public Schools 403(b) Plan is a type of defined contribution plan that allows for eligible employees to contribute a portion of their salary to the plan. Participant contributions are solely allowed through salary reduction and are deferred on a pre-tax basis. Employer discretionary contributions are permitted under the plan. This amount is determined uniformly with respect to each employee classification within the applicable collective bargaining agreement, if applicable. Employer and employee contributions for the year ended June 30, 2017 were \$10,500 and \$677,945, respectively.

Changes to the plan must be approved by resolution of the Board of Education, except for plan changes necessary to comply with changes to Code, Regulation, Revenue Ruling, and other Internal Revenue Service published statements.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE K - EMPLOYEE RETIREMENT PLANS *(Continued)*

Teachers' Retirement System

The faculty and professional personnel of the Town's Board of Education participate in the Teachers' Retirement System ("TRS"), which is a cost-sharing multiple-employer defined benefit pension plan established under Chapter 167a of the Connecticut General Statutes. The TRS is administered by the Connecticut State Teachers' Retirement Board (the "Board") and is included as a fiduciary pension trust fund in the State of Connecticut's basic financial statements.

Plan benefits, cost-of-living allowances, required contributions of plan members and the State, and other plan provisions are described in Sections 10-183b to 10-183ss of the Connecticut General Statutes. The plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

The contribution requirements of plan members and the State are established and may be amended by the State legislature. In accordance with Section 10-183z of the General Statutes, the Town does not and is not legally responsible to contribute to the plan as a special funding situation exists that requires the State to contribute one hundred percent of employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Plan members are currently required to contribute 7.25% of their annual earnings to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty.

The Town has recognized on-behalf payments of \$3,956,505 made by the State of Connecticut into the plan as intergovernmental revenues, and related expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of the governmental funds.

Administrative costs of the plan are funded by the State.

The total estimated net pension liability of the TRS as of June 30, 2016 was \$14.245 billion, the most recent available reporting provided by the Board. The portion that was attributed to the Town totaled approximately \$57.8 million or approximately 0.406% of the total estimated net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The portion of the net pension liability associated with the Town was based on a projection of the long-term share of contributions to the plan related to the Town relative to the projected contributions of all participating employers, actuarially determined.

The total pension liability as of June 30, 2017 was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation		2.75%
Salary increases	3.25% - 6.50%, including inflation	
Investment rate of return	8.0%, net of investment related expense	
Cost of living adjustments:		
Retirements prior to 9/1/1992		3.00%
Retirements on or after 9/1/1992		2.00%

For healthy retirees and beneficiaries, 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.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE K - EMPLOYEE RETIREMENT PLANS *(Continued)*

Teachers' Retirement System *(Continued)*

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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Large Cap U.S. Equities	21.0%	5.80%
Developed Non-U.S. Equities	18.0%	6.60%
Fixed Income (Core)	7.0%	1.30%
Private Equity	11.0%	7.60%
Emerging Markets (Non-U.S.)	9.0%	8.30%
Alternative investments	8.0%	4.10%
Inflation Linked Bonds	3.0%	1.00%
Cash	6.0%	0.40%
Real Estate	7.0%	5.10%
Emerging Market Bonds	5.0%	3.70%
High Yield Bonds	5.0%	3.90%
	<u>100%</u>	

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in 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.

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.00%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount (8.00%)</u>	<u>1% Increase (9.00%)</u>
Proportionate share of the net pension liability attributed to the Town	\$71.3 million	\$57.8 million	\$46.4 million

Detailed information about the plan's fiduciary net position is included in the State of Connecticut's basic financial statements.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE L - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Descriptions

The Town, in accordance with collective bargaining agreements, is committed to providing medical benefits to certain eligible retirees, spouses and beneficiaries. The other post-employment benefit program (OPEB) covers Town and Board of Education retired employees. The plan provides for medical, prescription drugs and dental benefits. All retired program members receiving benefits are required to contribute except for Medicare retirees in the Town Hall/Dispatchers union hired prior to July 1, 2005, and the Secretaries, Custodian and Teacher unions. The percentage contribution of the employees and retirees for these benefits vary and are detailed in the Town's various bargaining agreements. The Town does not issue a separate stand alone financial statement for this program.

At July 1, 2016, the valuation date, plan membership consisted of the following:

Current retirees, beneficiaries, and dependents	194
Current active participants	<u>363</u>
	557

Funding Policy

The Town funding and payment of post-employment benefits are accounted for in the General Fund on a pay-as-you-go basis. The Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with post-employment benefits. The Town is currently developing a funding strategy to provide for normal cost and the amortization of the accrued liability. Although a trust fund may not be established in the future to exclusively control the funding and reporting of postemployment benefits, the Town anticipates a commitment to fund normal cost and a long-term approach to the amortization of the actuarial accrued liability. The goal is to absorb, within the budgetary process, the actual cost of benefits in the determination of the costs of providing services to taxpayers.

The Town's funding strategy for post-employment obligations are based upon characteristics of benefits in 10 distinct groups of employees established within their respective collective bargaining units and/or contracts. Full-time employees of the Town or Board of Education who retire from the Town are eligible if they meet the following criteria:

Town of Wolcott

- Town Hall/Dispatchers/Non-Union: Age 62 with 15 years of service
- Non-Union Town Administrators: Age 62 with 15 years of service
- Highway - hired prior to July 1, 2004: Age 60 with 15 years of service;
- Highway - hired after July 1, 2004: Age 60 with 18 years of service
- Police: The earlier of age 50 with 25 years of service, or age 60 with 20 years of service, or age 65

Board of Education

- Administrators - hired prior to July 1, 2002: 12 years of service
- Administrators - hired after July 1, 2002: 15 years of service
- CILU Secretaries and Nurses: 15 years of service
- Custodians: Age 55 with 15 years of service
- Teachers: Age 57 (the eligibility for teachers is an estimate based upon the State of Connecticut's eligibility of 35 years as a teacher assuming employment begins at an estimated age of 22, a teacher becomes eligible 35 years later, or age 57)

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE L - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Annual OPEB Cost and Net OPEB Obligation

The Town's annual OPEB cost is calculated based on the annual required contribution ("ARC"), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation:

Annual required contribution	\$ 1,918,729
Interest on net OPEB obligation	331,580
Adjustment to annual required contribution	<u>(412,014)</u>
Annual OPEB cost (expense)	1,838,295
Contributions made	<u>860,811</u>
Increase in net OPEB obligation	977,484
Net OPEB obligation, beginning of year	<u>8,289,488</u>
Net OPEB obligation, end of year	<u><u>\$ 9,266,972</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the years ended June 30, 2015 through 2017 is as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2015	\$ 1,793,716	40.4%	\$ 7,301,089
2016	1,781,963	44.5%	8,289,488
2017	1,838,295	46.8%	9,266,972

Funded Status and Funding Progress

The funded status of both plans as of July 1, 2016, the date of the most recent actuarial valuation, was as follows:

<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(A)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability (AAL) -</u> <u>Projected Unit Credit</u> <u>Cost Method (B)</u>	<u>(Unfunded)</u> <u>AAL</u> <u>(UAAL)</u> <u>(B-A)</u>	<u>Funded</u> <u>Ratio</u> <u>(A/B)</u>	<u>Covered</u> <u>Payroll</u> <u>(C)</u>	<u>UAAL as a</u> <u>Percentage of</u> <u>Covered</u> <u>Payroll</u> <u>((B-A)/C)</u>
\$ -	\$ 23,652,176	\$ (23,652,176)	0.0%	Not available	Not available

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE L - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Funded Status and Funding Progress *(Continued)*

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Town are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the Town and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and the plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Town and plan members in the future. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Valuation date:	July 1, 2016
Actuarial cost method:	Entry Age Normal
Amortization method:	30-year Amortization Closed
Remaining amortization period:	22 years as of July 1, 2016
Asset valuation method:	N/A
Actuarial assumptions:	
Investment rate of return	4.00%
Inflation rate	4.00%
Healthcare cost trend rate - Nonmedicare	6.50% graded to 5.00% over three years
Healthcare cost trend rate	5.50% graded to 5.00% over one year
Drug cost trend rate	9.50% graded to 5.00% over nine years
Dental cost trend rate	4.00%

NOTE M - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God for which the Town carries commercial insurance. During fiscal 2017, deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years. There have been no significant reductions in any insurance coverage from amounts in the prior year.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE M - RISK MANAGEMENT (Continued)

The Internal Service Fund was established on July 1, 1996 to provide health coverage for Town and Board of Education employees previously covered by insured hospital and major medical insurance. 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 Town is charged an administrative fee. The Town has purchased a stop-loss policy for total claims in any one year exceeding an aggregate of 125% of expected claims and for individual claims exceeding \$225,000 for combined hospital and major medical.

The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2017. Claims liabilities are recorded 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. The claims accrual does not include other allocated or unallocated claims adjustment expenses.

A summary of claims activity for the years ended June 30, 2016 and 2017 is as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2016	\$ 485,759	\$ 6,677,084	\$ 6,653,565	\$ 509,278
2017	509,278	7,508,968	7,486,670	531,576

The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella. Coverage has not been materially reduced, nor have settled claims exceeded commercial coverage in any of the past three years.

NOTE N - COMMITMENTS AND CONTINGENCIES

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, not covered by insurance, resulting from such litigation would not materially affect the financial position of the Town.

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 expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

The Town may be subject to rebate penalties to the federal government relating to various bond issues. The Town expects such amounts, if any, to be immaterial.

As of June 30, 2017, the Town has recorded \$247,649 in encumbrances. Such encumbrances have been included in assigned fund balance in the accompanying balance sheet of governmental funds as of June 30, 2017.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE N - COMMITMENTS AND CONTINGENCIES *(Continued)*

Inter-municipal Agreements and Commitments

Bristol Resource Recovery Facility Operating Committee (Bristol Facility Policy Board)

The Town is a participant with thirteen (13) other cities and towns in a joint venture, the Bristol Resource Recovery Facility Operating Committee (BRRFOC). BRRFOC was created pursuant to an intercommunity agreement to exercise certain rights on behalf of contracting municipalities in dealing with the trash-to-energy plant built by Ogden Martin Systems of Bristol, Inc., now known as Covanta Bristol, Inc. (Covanta) in Bristol, Connecticut. The governing board consists of city officials appointed by each of the participating municipalities and assumes all the management decisions. The Town has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the intercommunity agreement dated as of August 15, 1985. These obligations deal with guarantees to meet certain tonnage requirements. The Town's expenditures to BRRFOC amounted to \$405,599 for the year ended June 30, 2017.

As reflected in BRRFOC's financial statements as of June 30, 2015, the most recent audited statements available, unrestricted net position and unassigned fund balance totaled \$7.3 million, a decrease of \$3.2 million over the prior year. This decrease includes \$2.5 million in distributions to the participating towns. A complete set of financial statements for BRRFOC can be obtained from the administrative office at 43 Enterprise Drive, Bristol, Connecticut.

In April 2005, BRRFOC issued \$41,920,000 in Solid Waste Revenue Refunding Bonds with interest rates varying from 3.0% to 5.0% to currently refund \$46,670,000 of outstanding special obligation bonds of the Connecticut Development Authority (Authority). The proceeds from the original bonds were loaned by the Authority to Covanta. Under the Service Agreement, the service fee is an obligation of the Contracting Municipalities to which each has pledged its full faith and credit. These bonds have been defeased as of August 2014.

NOTE O - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This statement establishes new accounting and financial reporting requirements for OPEB plans and replaces the requirements of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town has not yet determined the impact that this statement will have on its financial statements.

In March 2016, the GASB issued Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE O - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE *(Continued)*

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations. (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement which (1) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (2) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, and (3) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town does not expect this statement to have a material effect on its financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town has not yet determined the impact that this statement might have on its financial statements.

In March 2017, the GASB issued Statement No. 85, *Omnibus*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020. The Town has not yet determined the impact that this statement might have on its financial statements.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE P - SUBSEQUENT EVENTS

In October 2017, the Town issued \$11,300,000 of general obligation bonds, which were used to retire a portion of previously outstanding bond anticipation notes. The general obligation bonds issued bear interest rates ranging from 2.0% to 5.0% and mature in October 2042. The remaining portion of bond anticipation notes outstanding as of June 30, 2017, in the amount of \$410,000, were retired by the Town.

In November 2017, the Town issued \$2,630,000 of general obligation refunding bonds with interest rates ranging between 4.0% and 5.0%. The Town issued the bonds to advance refund the Town's outstanding 2010 general obligation bonds in the amount of \$2,820,000 with interest rates ranging from 3.0% to 4.125%. The Town used the net proceeds of \$2,945,965, including a premium received of \$388,283, to purchase U.S. Government securities. These securities were deposited into an irrevocable trust to provide for all future debt service on the refunded bonds. The Town advance refunded the bonds to reduce its total debt service payments over the next 13 years by \$136,564.

REQUIRED SUPPLEMENTARY INFORMATION

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TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (UNAUDITED)
TOWN GENERAL PENSION PLAN
LAST FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability				
Service cost	\$ 612,282	\$ 745,140	\$ 745,140	\$ 774,852
Interest	2,291,920	2,104,216	1,974,211	1,888,726
Changes in benefit terms	140,289	-	-	-
Differences between expected and actual experience	(1,137,220)	-	(1,339,217)	-
Changes of assumptions	1,506,515	-	(674,595)	(1,497,403)
Benefit payments, including refunds	(1,164,865)	(1,065,813)	(1,024,906)	(981,367)
Net change in total pension liability	2,248,921	1,783,543	(319,367)	184,808
Total pension liability - beginning	28,619,153	26,835,610	27,154,977	26,970,169
Total pension liability - ending	<u>30,868,074</u>	<u>28,619,153</u>	<u>26,835,610</u>	<u>27,154,977</u>
Plan fiduciary net position				
Contributions - employer	1,345,461	1,158,500	1,058,150	1,025,000
Contributions - members	114,683	119,043	107,189	92,812
Net investment income	2,278,742	(182,181)	1,185,216	2,814,892
Benefit payments, including refunds	(1,164,865)	(1,065,813)	(1,024,906)	(981,367)
Administrative expense	(55,341)	(84,969)	(102,275)	(121,809)
Net change in plan fiduciary net position	2,518,680	(55,420)	1,223,374	2,829,528
Plan fiduciary net position - beginning	17,737,197	17,792,617	16,569,243	13,739,715
Plan fiduciary net position - ending	<u>20,255,877</u>	<u>17,737,197</u>	<u>17,792,617</u>	<u>16,569,243</u>
Town's net pension liability	<u>\$ 10,612,197</u>	<u>\$ 10,881,956</u>	<u>\$ 9,042,993</u>	<u>\$ 10,585,734</u>
Plan fiduciary net position as a percentage of total pension liability	65.62%	61.98%	66.30%	61.02%
Covered employee payroll	\$ 5,513,671	\$ 5,635,836	\$ 5,635,836	\$ 5,408,348
Town's net pension liability as a percentage of covered employee payroll	192.47%	193.09%	160.46%	195.73%

NOTES TO SCHEDULE:

The Town began to report the schedule of net pension liability when it implemented GASB Statement No. 67 in fiscal year 2014.

Benefit Changes - None noted.

Assumption Changes - Changes in assumptions from the January 1, 2014 plan valuations are as follows:

- 1) The actuarial cost method was changed from projected unit credit to entry age normal.
- 2) Mortality assumption: this was updated using the RP-2014 with scale MP-2016 from RP-2000.
- 3) Net investment return assumption was changed to 7.25% from 8.00%.
- 4) Retirement rates: Updated to 50% at ages 65-66 and 100% at age 67.
- 5) Salary increase assumption has been decreased for all ages.
- 6) Administrative expense has been changed from \$10,000 to \$50,000.

See accompanying Independent Auditor's Report.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS (UNAUDITED)
TOWN GENERAL PENSION PLAN
LAST FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 1,345,461	\$ 1,158,247	\$ 1,058,150	\$ 1,022,367
Contributions in relation to the actuarially determined contribution	<u>1,345,461</u>	<u>1,158,500</u>	<u>1,058,150</u>	<u>1,025,000</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (253)</u>	<u>\$ -</u>	<u>\$ (2,633)</u>
Covered employee payroll	\$ 5,513,671	\$ 5,635,836	\$ 5,635,836	\$ 5,408,348
Contributions as a percentage of covered employee payroll	24.40%	20.56%	18.78%	18.95%
Annual money-weighted rate of return, net of investment expense	13.04%	-1.02%	7.18%	20.98%

NOTES TO SCHEDULE:

The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 67 in fiscal year 2014.

Actuarially determined contribution rates are calculated as of January 1, 2017, prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Amortization assuming 2.50% per year increase, closed
Remaining amortization period	22 years remaining as of valuation date
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years
Inflation	2.50%
Investment rate of return	7.25%
Salary increases	Varies 0.00% to 9.34%
Retirement age	Age 65 for Town Employees. Normal retirement age for Police Employees
Mortality	
Healthy:	RP-2014 (adjusted back to 2006) Employee and Healthy Annuitant tables projected generationally with Scale MP-2016.
Disabled:	RP-2014 (adjusted back to 2006) Disabled Retiree table projected generationally with Scale MP-2016.

See accompanying Independent Auditor's Report.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (UNAUDITED)
BOARD OF EDUCATION PENSION PLAN
LAST FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability				
Service cost	\$ 266,565	\$ 278,025	\$ 278,025	\$ 299,308
Interest	1,077,943	1,019,622	992,977	947,559
Differences between expected and actual experience	(367,559)	-	(684,393)	-
Changes of assumptions	1,161,385	-	508,697	353,104
Benefit payments, including refunds	<u>(800,602)</u>	<u>(760,100)</u>	<u>(719,995)</u>	<u>(670,184)</u>
Net change in total pension liability	1,337,732	537,547	375,311	929,787
Total pension liability - beginning	<u>14,512,550</u>	<u>13,975,003</u>	<u>13,599,692</u>	<u>12,669,905</u>
Total pension liability - ending	<u>15,850,282</u>	<u>14,512,550</u>	<u>13,975,003</u>	<u>13,599,692</u>
Plan fiduciary net position				
Contributions - employer	764,343	610,934	1,226,677	557,457
Net investment income	2,086,366	202,366	788,429	1,458,383
Benefit payments, including refunds	(800,602)	(760,100)	(719,995)	(670,184)
Administrative expense	<u>(20,581)</u>	<u>(19,498)</u>	<u>(61,684)</u>	<u>(57,505)</u>
Net change in plan fiduciary net position	2,029,526	33,702	1,233,427	1,288,151
Plan fiduciary net position - beginning	<u>12,051,531</u>	<u>12,017,829</u>	<u>10,784,402</u>	<u>9,496,251</u>
Plan fiduciary net position - ending	<u>14,081,057</u>	<u>12,051,531</u>	<u>12,017,829</u>	<u>10,784,402</u>
Town's net pension liability	<u>\$ 1,769,225</u>	<u>\$ 2,461,019</u>	<u>\$ 1,957,174</u>	<u>\$ 2,815,290</u>
Plan fiduciary net position as a percentage of total pension liability	88.84%	83.04%	86.00%	79.30%
Covered employee payroll	\$ 2,721,990	\$ 2,984,471	\$ 2,984,471	\$ 3,196,222
Town's net pension liability as a percentage of covered employee payroll	65.00%	82.46%	65.58%	88.08%

NOTES TO SCHEDULE:

The Town began to report the schedule of net pension liability when it implemented GASB Statement No. 67 in fiscal year 2014.

Benefit Changes - None noted.

Assumption Changes - In 2014, the mortality table was updated from the RP2000 combined healthy table to the RP2000 combined healthy table with Scale AA static projection to the valuation date and an additional 7 years of projection for annuitants and 15 years for non-annuitants.

In 2015, Administrative expense assumption was increased from \$50,000 to \$60,000. The actuarial cost method was changed from Projected Unit Credit to Entry Age Normal. The amortization method for the unfunded actuarial accrued liability was changed from a level percent of pay to level dollar with remaining amortization period of 20 years.

In 2017, the mortality assumption was updated from the RP-2000 Combined Healthy Table with Scale AA static projection to the valuation date and an additional 7 years of projection for annuitants and 15 years for non-annuitants to the RP-2014 (adjusted back to 2006) Employee and Healthy Annuitant Tables projected generationally with Scale MP-2016. In addition, the net investment return rate was decreased from 7.50% to 7.00%, the turnover rates for paraprofessionals were increased by 2.0%, the administrative expense assumption was increased from \$60,000 to \$65,000 per year, and the salary increase assumption was decreased from 4.00% to 3.50%.

See accompanying Independent Auditor's Report.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS (UNAUDITED)
BOARD OF EDUCATION PENSION PLAN
LAST FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 640,013	\$ 642,343	\$ 642,343	\$ 570,934
Contributions in relation to the actuarially determined contribution	<u>764,343</u>	<u>610,934</u>	<u>655,743</u>	<u>544,934</u>
Contribution deficiency (excess)	<u>\$ (124,330)</u>	<u>\$ 31,409</u>	<u>\$ (13,400)</u>	<u>\$ 26,000</u>
Covered employee payroll	\$ 2,721,990	\$ 2,984,471	\$ 2,984,471	\$ 3,196,222
Contributions as a percentage of covered employee payroll	28.08%	20.47%	21.97%	17.05%
Annual money-weighted rate of return, net of investment expense	16.84%	1.51%	7.18%	15.11%

NOTES TO SCHEDULE:

The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 67 in fiscal year 2014.

Actuarially determined contribution rates are calculated as of September 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level dollar amount, closed
Remaining amortization period	18 years as of September 1, 2016
Asset valuation method	Market value less unrecognized returns in each of the last five year:
Inflation	2.00%
Investment rate of return	7.00%
Salary increases	3.50%
Retirement age	Age 62 with 5 years of service for Non-Custodial Group; Age 60 with 30 years of service or age 65 with 5 years of service for Custodial
Mortality	RP-2014 (adjusted back to 2006) Employee and Healthy Annuitant Tables projected generationally with Scale MP-2016

See accompanying Independent Auditor's Report.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM
LAST THREE FISCAL YEARS
(Dollar amounts in thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability attributed to the Town	0.406%	0.425%	0.425%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability attributed to the Town	<u>57,772</u>	<u>46,682</u>	<u>43,148</u>
Total	<u>\$ 57,772</u>	<u>\$ 46,682</u>	<u>\$ 43,148</u>
Town's covered payroll	\$ 16,195	\$ 16,065	\$ 16,185
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	52.26%	59.50%	61.51%

NOTES TO SCHEDULE:

The Town began to report this schedule when it implemented GASB Statement No. 68 in fiscal year 2015.

The total pension liability reported for each fiscal year is based on a measurement date as of the end of the prior fiscal year (i.e. the total pension liability reported for 2017 is based on a June 30, 2016 measurement date).

Benefit changes: There were no changes in benefit terms that affected the measurement of the total pension liability.

Assumption changes: Since the prior valuation in 2015, new assumptions were adopted. Specifically:

- Inflation assumption was reduced from 3.00% to 2.75%.
- Real rate of return assumption was reduced from 5.50% to 5.25%, which when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.50% to 8.00%.
- The annual rate of wage increase assumption was reduced from 0.75% to 0.50%.
- The payroll growth assumption was reduced from 3.75% to 3.25%.
- Various demographic assumption changes utilizing the RPH-2014 mortality tables.

See accompanying Independent Auditor's Report.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS (UNAUDITED)
OTHER POST-EMPLOYMENT BENEFITS PROGRAM

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age normal (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2010	\$ -	\$ 21,462,037	\$ 21,462,037	0.0%	\$ 21,419,478	100.2%
July 1, 2012	-	20,645,315	20,645,315	0.0%	24,373,895	84.7%
July 1, 2014	-	19,045,930	19,045,930	0.0%	23,838,631	79.9%
July 1, 2016	-	23,652,176	23,652,176	0.0%	Not available	Not available

See accompanying Independent Auditor's Report.

Appendix B

Form of Legal Opinion of Bond Counsel and Tax Exemption

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APPENDIX B - FORM OF LEGAL OPINION OF BOND COUNSEL AND TAX EXEMPTION

The legal opinion of the firm of Shipman & Goodwin LLP of Hartford, Connecticut, Bond Counsel, will be furnished to the successful purchaser when the Notes are delivered, and a copy of the legal opinion will be included in the record of proceedings of the Town authorizing the Notes. The opinion will be dated and given on and will speak only as of the date of original delivery of the Notes to the successful purchaser.

The opinion of Shipman & Goodwin LLP will be in substantially the following form:

Town of Wolcott, Connecticut
Town Hall
10 Kenea Avenue
Wolcott, Connecticut 06716

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Wolcott, Connecticut (the "Town") of its \$7,000,000 General Obligation Bond Anticipation Notes, dated February 8, 2018, maturing November 8, 2018 (the "Notes").

In connection with our representation of the Town as bond counsel with respect to the Notes, we have examined the executed Tax Certificate and Tax Compliance Agreement of the Town, each dated as of February 8, 2018, the executed Notes, and certified records of proceedings of the Town authorizing the Notes. In addition, we have examined and relied on originals or copies, identified to us as genuine, of such other documents, instruments or records, and have made such investigations of law as we considered necessary or appropriate for the purposes of this opinion. In making the statements contained in this opinion, we have assumed, without independently verifying, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of documents submitted to us as certified or photostatic copies, and the legal capacity and authority of all persons executing such documents.

On the basis of our review noted above and subject to the qualifications set forth herein:

1. We are of the opinion that the proceedings and above-referenced evidence show lawful authority for the issuance and sale of the Notes under the authority of the constitution and statutes of the State of Connecticut, and that the Notes are valid and binding general obligations of the Town payable, with respect to both principal and interest, unless paid from other sources, from *ad valorem* taxes which may be levied on all property subject to taxation by the Town without limitation as to rate or amount except as to classified property. Classified property includes certified forest land which is taxable at a limited rate. Classified property also includes dwelling houses of qualified elderly persons of low income which are taxable at limited amounts.

2. We are of the opinion that the Tax Compliance Agreement is a valid and binding agreement of the Town and that the Tax Certificate and Tax Compliance Agreement were duly authorized by the Town.

3. The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes if interest on the Notes is to be excludable from gross income under Section 103 of the Code. The Town has covenanted in

the Tax Compliance Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Notes will not be includable in the gross income of the owners thereof for federal income tax purposes under the Code. In our opinion, under existing law:

(i) interest on the Notes is excludable from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code; and

(ii) such interest is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax for individuals, and for tax years beginning prior to January 1, 2018, the federal alternative minimum tax imposed on corporations.

We express no opinion regarding other federal income tax consequences caused by ownership of, or receipt of interest on, the Notes. In rendering the foregoing opinions regarding the federal income tax 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 Tax Certificate and the Tax Compliance Agreement, and (ii) full compliance by the Town with the covenants set forth in the Tax Compliance Agreement. The inaccuracy of the representations, statements of intention and reasonable expectations, and certifications of fact, contained in the Tax Certificate or the Tax Compliance Agreement, or the failure of the Town to fully comply with the covenants set forth therein, may cause interest on the Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

4. We are of the opinion that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

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

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Notes.

This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law, regulation or judicial interpretation that may hereafter occur.

Very truly yours,

Shipman & Goodwin LLP

CERTAIN ADDITIONAL FEDERAL TAX CONSEQUENCES.

The following is a brief discussion of certain federal income tax matters with respect to the Notes under existing statutes. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of the Notes. Prospective owners of the Notes, particularly those that may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes.

Recent Tax Legislation. 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 or the interpretation thereof that may occur after the date of its opinion.

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Notes or otherwise prevent holders of the Notes from realizing the full benefit of the tax exemption of interest on the Notes. The Tax Cuts and Jobs Act (H.R. 1) (the “Act”) passed in both the House of Representatives and the Senate and was signed into law by the President on December 22, 2017. The Act changes the income tax rates for individuals and corporations and repeals the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2017. The Act also modifies the alternative minimum tax imposed on individuals.

In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Notes. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Notes would be impacted thereby.

Purchasers of the Notes should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Notes, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Alternative Minimum Tax. The Code imposes an alternative minimum tax on individuals and for those corporations with tax years beginning prior to January 1, 2018. The alternative minimum tax is imposed on alternative minimum taxable income, which includes items of tax preference. The interest on certain tax-exempt “private activity bonds” is treated as an item of tax preference. The Town’s Tax Compliance Agreement will contain certain representations and covenants to ensure that the Notes are not “private activity bonds” so that interest on the Notes will not be treated as an item of tax preference for purposes of calculating the federal alternative minimum tax for individuals, and for tax years beginning prior to January 1, 2018, the federal alternative minimum tax on corporations.

Financial Institutions. The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than “qualified tax-exempt obligations”. The Notes will be designated by the Town as “qualified tax-exempt obligations” for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Changes in Federal Tax Law. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. There can be no assurance that legislation proposed or enacted after the date of issuance of the Notes will not have an adverse effect on the tax exempt status or the market price of the Notes.

Other. As noted above, interest on the Notes may be taken into account in computing the tax liability of corporations subject to the federal alternative minimum tax. Interest on the Notes may also be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Ownership of the Notes may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, and individuals otherwise eligible for the earned income credit, and to taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes.

STATE OF CONNECTICUT TAX ON INTEREST.

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Notes, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

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

Owners of the Notes should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Notes and the disposition thereof, including the extent to which gains and losses from the sale or exchange of Notes held as capital assets reduce and increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trusts and estates and may affect the net Connecticut minimum tax on such taxpayers who are also required to pay the federal alternative minimum tax.

ORIGINAL ISSUE DISCOUNT.

The initial public offering price of the Notes (the "OID Notes") may be less than the stated principal amount. Under existing law, the difference between the stated principal amount and the initial offering price of the OID Notes to the public (excluding bond houses and brokers) at which a substantial amount of the OID Notes is sold will constitute original issue discount ("OID"). The offering price relating to the yield set forth on the cover page of this Official Statement for the OID Notes is expected to be the initial offering price to the public at which a substantial amount of the OID Notes are sold. Under existing law, OID on the Notes accrued and properly allocable to the owners thereof under the Code is not included in gross income for federal income tax purposes if interest on the Notes is not included in gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in an OID Note, OID treated as having accrued while the owner holds the OID Note will be added to the owner's basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. 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 an OID Note. For certain corporations (as defined for federal income tax purposes) a portion of the original issue discount that accrues in each year to such an owner of an OID Note will be included in the calculation of the corporation's federal alternative minimum tax liability. As a result, ownership of an OID Note by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

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

ORIGINAL ISSUE PREMIUM.

The initial public offering price of the Notes (the "OIP Notes") may be more than the stated principal amount. An owner who purchases a Note at a premium to its principal amount must amortize bond premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner's basis in the Note for federal income tax purposes. Prospective purchasers of OIP Notes should consult their tax advisors regarding the amortization of premium and the effect upon basis.

* * * * *

The information above does not purport to deal with all aspects of federal or state taxation that may be relevant to particular investors. Prospective investors, particularly those that may be subject to special rules, are advised to consult their own tax advisors regarding the federal and state tax consequences of owning and disposing of the Notes, including any tax consequences arising under the laws of any state or other taxing jurisdiction.

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Appendix C

Form of Continuing Disclosure Agreement

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APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain listed events with respect to the Notes, pursuant to a Continuing Disclosure Agreement for the Notes in substantially the following form:

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") is made as of the 8th day of February, 2018 by the Town of Wolcott, Connecticut (the "Town") acting by its undersigned officers, duly authorized, in connection with the issuance of \$7,000,000 General Obligation Bond Anticipation Notes of the Town, dated February 8, 2018 (the "Notes"), for the benefit of the beneficial owners from time to time of the Notes.

Section 1. Definitions. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

"MSRB" means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto. As of the date of this Agreement, the MSRB has designated its Electronic Municipal Market Access System ("EMMA") (<http://emma.msrb.org>) to receive submissions of continuing disclosure documents that are described in the Rule.

"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. Listed Events.

The Town agrees to provide, or cause to be provided, in a timely manner, not in excess of ten (10) business days after the occurrence of the event, to the MSRB in an electronic format as prescribed by the MSRB, notice of the occurrence of any of the following events with respect to the Notes:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) 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 security, or other material events affecting the tax status of the Notes;

- (g) modifications to rights of holders of the Notes, if material;
- (h) Note calls, if material, and tender offers;
- (i) Note defeasances;
- (j) release, substitution, or sale of property securing repayment of the Notes, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Town;
- (m) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

Section 3. Use of Agents.

Any notices to be provided pursuant to this Agreement may be provided by the Town or by any agents which may be employed by the Town for such purposes from time to time.

Section 4. Termination.

The obligations of the Town under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Notes, or (ii) such time as the Town ceases to be an obligated person with respect to the Notes within the meaning of the Rule.

Section 5. Identifying Information.

All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Section 6. Enforcement.

The Town acknowledges that the undertakings set forth in Section 2 of this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Notes. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure within a reasonable time (but not exceeding five business days with respect to the undertakings set forth in Section 2 hereof) from the time the Mayor receives written notice from any beneficial owner of the Notes of such failure. The present address of the Mayor is Town of Wolcott, Town Hall, 10 Kenea Avenue, Wolcott, Connecticut 06716.

In the event the Town does not cure such failure within the time specified above, the beneficial owner of the Notes shall be entitled only to the remedy of specific performance. The Town expressly acknowledges and the beneficial owners are hereby deemed to expressly agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Notes.

Section 7. Miscellaneous.

(a) The Town shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Town from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Notes. If the Town elects to provide any such additional information, data or notices, the Town shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(b) This Agreement shall be governed by the laws of the State of Connecticut.

(c) Notwithstanding any other provision of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, (ii) the Agreement as so amended or waived 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, and (iii) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owner of the Notes. A copy of any such amendment or waiver will be filed in a timely manner with the MSRB.

TOWN OF WOLCOTT, CONNECTICUT

By _____
Thomas G. Dunn
Mayor

By _____
Anthony J. Marino
Treasurer

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Appendix D

Notice of Sale

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NOTICE OF SALE

\$7,000,000

TOWN OF WOLCOTT, CONNECTICUT

GENERAL OBLIGATION BOND ANTICIPATION NOTES (BOOK-ENTRY)

TELEPHONE PROPOSALS or ELECTRONIC PROPOSALS via PARITY® (“PARITY”) will be received by the Town of Wolcott, Connecticut (the "Town") at the Council Chambers, Wolcott Town Hall, 10 Kenea Avenue, Wolcott, Connecticut 06716, Telephone (203) 283-1110 until **11:30 A.M. (Eastern Standard Time) on TUESDAY,**

JANUARY 30, 2018

for the purchase, when issued, of the Town's \$7,000,000 General Obligation Bond Anticipation Notes dated February 8, 2018, maturing November 8, 2018 (the "Notes"). The Notes are not subject to redemption prior to maturity. The Notes will be payable with interest at maturity and delivered against payment in Federal funds in New York, New York on or about February 8, 2018. The Notes will be general obligations of the Town payable, as to both principal and interest, unless paid from other sources, from *ad valorem* taxes levied on all property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income taxable at limited amounts.

Certifying, Transfer and Paying Agent; Registrar. Unless the successful bidder on the Notes is designated as the certifying agent, registrar, paying and transfer agent for the Notes as provided in “Option For No Book Entry” below, the Notes will be certified by U.S. Bank National Association, Hartford, Connecticut, which will also act as transfer and paying agent and registrar.

DTC Book-Entry. The Notes will be issued by means of a book-entry-only system with no physical distribution of note certificates made to the public (except as may be requested, as described below in “Option For No Book Entry”). 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. Ownership of the Notes will be evidenced in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, 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.

Option For No Book Entry. A bidder for the Notes may request that the Notes be issued in the form of a single fully-registered physical certificate in the par amount of the Notes, rather than in book-entry form

through the facilities of DTC, provided the bid is for all the Notes at the same interest rate. A bidder for the Notes requesting that the Notes be issued in non-book-entry form may request that it be designated by the Town as the certifying agent, registrar and paying and transfer agent for the Notes if it is a bank or trust company authorized to act in such capacity pursuant to the Connecticut General Statutes. Any bidder seeking to have the Notes issued in the form of a fully-registered physical certificate, rather than in book-entry form, or to be designated as certifying agent, registrar and paying and transfer agent for such Notes, shall indicate this preference to the Town at the time of the submission of the bid. The Town reserves the right to decline any request to issue the Notes in non-book-entry form, or to designate the successful bidder as certifying agent, registrar and paying and transfer agent for the Notes, if it should determine, in its sole discretion, that issuing the Notes in this manner is not in its best interests. The successful bidder seeking the issuance of the Notes in this manner, and any subsequent registered owner of the Notes, shall bear any and all costs, including counsel fees, of any re-registration or transfer of Notes from time to time, including any costs to convert the Notes to book-entry form and shall not impose or charge the Town for any costs or expenses related to the services as certifying agent, registrar and paying and transfer agent for the Notes if the successful bidder is so designated.

Telephone Proposals Bidding Procedure. Telephone proposals for the purchase of the Notes must be given by telephone to the Town's financial advisor, Mr. Barry J. Bernabe, Managing Director, Phoenix Advisors LLC at (203) 283-1110 by **11:30 A.M. (Eastern Standard Time), on Tuesday, January 30, 2018.**

Electronic Proposals Bidding Procedure. Electronic proposals for the purchase of the Notes must be submitted through the facilities of PARITY by **11:30 A.M. (Eastern Standard Time), on Tuesday, January 30, 2018.** Any prospective bidder must be a subscriber of Bidcomp's competitive bidding system. Further information about Bidcomp/ PARITY, including any fee charged, may be obtained from i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, (telephone (212) 849-5021). The Town will neither confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic proposal made through the facilities of PARITY 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 proposal delivered to the Town. By submitting a proposal for the Notes via PARITY, the bidder represents and warrants to the Town that such bidder's proposal 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 proposal 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, the use of such facilities being the sole risk of the prospective bidder.

Disclaimer- Each PARITY prospective electronic bidder shall be solely responsible to make necessary arrangements to access PARITY for the purposes of submitting its proposal in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor PARITY 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 shall be responsible for a bidder's failure to make a proposal or for proper operation of, or have any liability for, any delays or interruptions of, or any damages caused by, PARITY. The Town is using PARITY 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 to the effect that any particular proposal complies with the terms of this Notice of Sale and in particular the proposal requirements set forth herein. All costs and expenses incurred by prospective bidders in connection with their subscription

to, arrangements with and submission of proposals via PARITY 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 proposal for the Notes, the prospective bidder should telephone PARITY at (212) 849-5021. If any provision of this Notice of Sale shall conflict with information provided by PARITY, this Notice of Sale shall control.

For the purpose of the bidding process, the time as maintained on PARITY shall constitute the official time. For information purposes only, bidders are requested to state in their proposals the net interest cost to the Town, as described under "Basis of Award" below, represented by the rate or rates of interest and the premium, if any, specified in their respective proposals. All electronic proposals shall be deemed to incorporate the provisions of this Notice of Sale.

Proposals. Proposals may be made for all or any part of the Notes, but any proposal for a part must be for \$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. No proposal for less than the minimum denomination or for less than par and accrued interest will be accepted. Each proposal must specify the amount bid for the Notes (which shall be the aggregate par value of the Notes, and, at the option of the bidder, a premium), and must specify one rate of interest in a multiple of one-hundredth (1/100) of one percent (1%) per annum for each part of the Notes bid for in the proposal. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

Basis of Award. As between proposals which comply with this Notice of Sale, the Notes will be sold to the responsible bidder or bidders offering to purchase the Notes at the lowest net interest cost to the Town, which will be determined by computing as to each interest rate stated the total interest to be payable at such rate and deducting therefrom any premium. If there is more than one responsible bidder making an offer to purchase all or any portion of the Notes at the same lowest net interest cost, the Notes will be sold to the responsible bidder with the proposal for the largest principal amount of the Notes specified. If more than one responsible bidder makes an offer to purchase all or any portion of the Notes at the same lowest net interest cost and for the same largest principal amount of the Notes specified, the Notes or any portion thereof will be sold to the responsible bidder who is chosen by lot. If a bidder is awarded only a part of the Notes, 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 four decimal places. It is requested that each proposal be accompanied by a statement of the percentage of net interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

The Town reserves the right to reject any and all proposals and to waive any irregularity or informality with respect to any proposal.

Qualified Tax-Exempt Obligations. The Notes will be designated by the Town as "qualified tax-exempt obligations" for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Bond Counsel Opinion. The legal opinion of Shipman & Goodwin LLP of Hartford, Connecticut, Bond Counsel, will be furnished without charge and will be placed on file with the certifying bank for the Notes. A copy of the opinion will be delivered to each purchaser of the Notes. The opinion of Bond Counsel will cover the following matters: (1) that the Notes will be valid and binding general obligations of the Town when duly certified, (2) that, assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), based on existing law, interest on the Notes is excludable from gross income of the owners thereof for federal income tax purposes and is not treated as

an item of tax preference for purposes of calculating the federal alternative minimum tax for individuals, and for tax years beginning prior to January 1, 2018, the federal alternative minimum tax imposed on corporations, and (3) that interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Obligation to Deliver Issue Price Certificate. Pursuant to the Code and applicable Treasury Regulations, the Town must establish the “issue price” of the Notes. **In order to assist the Town, the winning bidder is obligated to deliver to the Town a certificate (an “Issue Price Certificate”) and such additional information satisfactory to Bond Counsel described below, prior to the delivery of the Notes.** The Town will rely on the Issue Price Certificate and such additional information in determining the issue price of the Notes. The form of Issue Price Certificate is available by contacting Mr. Barry J. Bernabe, Managing Director, Phoenix Advisors, LLC, Email: bbernabe@muniadvisors.com, Telephone: (203) 283-1110, municipal advisor to the Town (the “Municipal Advisor”).

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 rule relating to the establishment of the issue price of the Notes pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the “Competitive Sale Rule”).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Preliminary Official Statement and Official Statement. The Town has prepared a Preliminary Official Statement dated January 19, 2018 for this Note issue. The Town deems such Preliminary Official Statement final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1),

except for omissions permitted thereby, but the Preliminary Official Statement is subject to revision or amendment. The Town will make available to each winning purchaser 25 copies of the final Official Statement at the Town's expense by the delivery of the Notes or, if earlier, by the seventh business day after the day proposals on the Notes are received. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the final Official Statement to the purchaser. Additional copies may be obtained by the purchaser at its own expense by arrangement with the printer.

CUSIP Numbers. The deposit of the Notes with DTC under a book-entry-only system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning purchaser to obtain CUSIP numbers for the Notes prior to delivery. The Town will not be responsible for any delay caused by the inability to deposit the Notes with DTC due to the failure of the winning purchaser to obtain such numbers and provide 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 purchaser.

Continuing Disclosure Agreement. The Town will agree, in a Continuing Disclosure Agreement entered into in accordance with the requirements of Securities and Exchange Commission Rule 15c2-12(b)(5), to provide timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain listed events with respect to the Notes. The winning purchaser's obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for the Notes.

Additional Information. For more information regarding this Note issue and the Town, reference is made to the Preliminary Official Statement dated January 19, 2018. The Preliminary Official Statement may be accessed via the Internet at <https://munihub.com>. Electronic access to the Preliminary Official Statement is being provided as a matter of convenience only. The only official version of the Preliminary Official Statement is the printed version for physical delivery. Copies of the Preliminary Official Statement and the Official Statement may be obtained from Mr. Barry J. Bernabe, Managing Director, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460, telephone (203) 283-1110.

January 19, 2018

Thomas G. Dunn
Mayor

Anthony J. Marino
Treasurer

ISSUE PRICE RULE SELECTION CERTIFICATE

Town of Wolcott, Connecticut
 \$7,000,000 General Obligation Bond Anticipation Notes

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] (the “Representative”), on behalf of itself and [OTHER UNDERWRITERS] (together, the “Underwriting Group”), hereby certifies that it will use the rule selected below for the respective maturity of the above-captioned notes (the “Notes”), as described in the Notice of Sale for the Notes, dated January 19, 2018 (the “Notice of Sale”). For a description of the requirements of each rule, please refer to the section “Obligation to Deliver Issue Price Certificate” in the Notice of Sale. Capitalized terms used but not defined herein are defined in the Notice of Sale.

<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	10% Sale Rule (Underwriter has or will comply with 10% Sale Rule for this Maturity)		Hold the Offering Price Rule (Underwriter will comply with Hold the Offering Price Rule for this Maturity)	
			<u>Check Box</u>	<u>Sales Price</u>	<u>Check Box</u>	<u>Initial Offering Price</u>
11/08/2018	\$7,000,000	_____ %		\$ _____		\$ _____

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

**[NAME OF UNDERWRITER/
REPRESENTATIVE]**

By: _____
 Name:
 Title:

Email this completed and executed certificate to the following by 5:00 P.M. (EST) on January 31, 2018:

Bond Counsel: bchudwick@goodwin.com **Municipal Advisor:** bbernabe@muniadvisors.com

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